



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2011

CANDIDATE: SURNAME, NAME

ACCOUNTING

ANSWER BOOK

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATION
1	45		
2	65		
3	90		
4	40		
5	25		
6	35		
TOTAL	300		

This answer book consists of 22 pages.

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QUESTION 1**BANK AND CREDITORS RECONCILIATION****(45 marks ; 27 minutes)****1.1 Bank Reconciliation and Internal Control**

- 1.1.1 Analyse the transactions listed, according to the headings. Fill in the amounts only (where stated) and a tick in the "NO ENTRY" column where applicable.

NO	ENTRIES IN THE BOOKS OF THE BUSINESS			ENTRIES IN THE BANK RECONCILIATION STATEMENT		NO ENTRY (INSERT A TICK)
	JOURNAL	BANK ACCOUNT IN GENERAL LEDGER		DEBIT (decrease) amount	CREDIT (increase) amount	
		DEBIT amount	CREDIT amount			

12

- 1.1.2 The owner is concerned about large outstanding deposits. He feels that this could lead to mismanagement and fraud. Suggest ONE way in which this function can be improved.

2

- 1.1.3 The clerk in charge of cash management feels that doing a bank reconciliation every month wastes time. Explain why reconciling the bank account with the bank statement is an excellent tool for internal control.

4

1.2 Creditors

1.2.1 GENERAL LEDGER OF LEX OUTFITTERS
BALANCE SHEET ACCOUNTS

CREDITORS CONTROL (B9)

14

1.2.2 RECONCILIATION OF ACCOUNTS

		CREDIT	
CREDITORS' BALANCES ON 30 SEPTEMBER 2010			
AA Traders	6 227		
ABC Traders	4 160		
Rama Carriers	940		
Repairs Services	3 480		
A Dhamoo	5 530		
R Vee	1 113		
TOTAL	21 450		

13

45

QUESTION 2

MANUFACTURING

(65 marks ; 39 minutes)

2.1.

2.1.1 PLASCO CC

**PRODUCTION COST STATEMENT FOR THE SIX MONTHS ENDED
31 AUGUST 2010**

	NOTES	AMOUNT
Direct Material Cost	1	
Direct Labour Cost	2	
PRIME COST		
Factory Overhead Cost	3	
TOTAL MANUFACTURING COST		
Work in Process		
COST OF PRODUCTION OF FINISHED GOODS		

10

NOTES TO THE FINANCIAL STATEMENTS

1.	Direct Material Cost	

7

2.	Direct Labour Costs	

3

3.	Factory Overhead Cost	

12

(a) Calculate the number of units sold.

3

(b) Calculate the selling price per unit sold. (Note that all units are sold at the same price)

3

(c) Calculate the unit cost of production per completed item.

2

2.2

2.2.1

(a) Cost of sales

2

(b) Direct Labour Costs

2

(c) Direct Material Cost per unit

2

2.2.2. Give a possible reason for the change in the Direct Material Cost per unit between the two years.

2

2.2.3

- (a) Calculate the breakeven number of units for the 2010.
(Show detailed workings for part marks.)

9

2.2.4 Should the business be satisfied with the level of production achieved?
Substantiate.

4

2.2.5 The business made a net loss for the year. Using relevant information from that provided, give TWO suggestions on how the business can improve profitability.

4

QUESTION 3**COMPANIES – FINANCIAL STATEMENTS****(90 marks ; 54 minutes)**

3.1.

3.1.1 Calculate the missing figures labelled **A** to **E**. (Show workings to earn part marks.)

A	Total Equity and Liabilities	(2)
B	Trade and Other Payables	(3)
C	Trade Creditors	(3)
D	Shareholders' Equity	
E	Retained Income	(4)

16

3.1.2. Interim dividends were declared and paid during December 2009.
Calculate the interim dividends paid.

6

3.1.3 Calculate the **total amount paid to SARS** in respect of Income Tax that would appear in the Cash Flow Statement.

5

3.1.4 **RECONCILIATION BETWEEN PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS**

Net Income before Tax	
Adjustments for:	
Depreciation	
Interest on Borrowed money	
Changes in Working Capital	
Inventories	
Trade and Other Receivables	
Trade and Other Payables	

17

3.1.5 During the year, a new vehicle was purchased on credit for **R970 000**. Old equipment was sold for cash at carrying value. Calculate the **proceeds** from the disposal of the equipment.

6

3.1.6 On 31 January 2010 additional share were issued. Calculate the selling price per share, of the additional shares.

6

3.2 Ratio analysis and Interpretation

3.2.1 Calculate the mark-up percentage achieved for 2010.

4

3.2.2 The business was aiming for a mark-up of 150%. Provide TWO reasons why it is possible that the business did not achieve its aim.

4

3.2.3 Is the business **solvent on 28 February 2010**?
Motive your answer by making use of an appropriate ratio.

6

3.2.4 Calculate the **Debt : Equity ratio** on 28 February 2010.
Comment on the degree of risk experienced by the business, by making reference to the trend from one year to the next.

6

3.2.5 Calculate the **Acid-Test Ratio** on 28 February 2010. By looking at the Current ratio and the Acid Test ratios, comment on the liquidity position of the business.

7

3.2.6 How long can the business expect the stock on hand, on 28 February 2010 last? Use the average stock to calculate this financial indicator.

5

3.2.7 Refer to **3.2.5** and **3.2.6**. Comment on your findings above, taking into account that this business is in the fashion industry.

2

90	
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QUESTION 4**INVENTORY VALUATION, INTERNAL CONTROL (40 marks ; 24 minutes)**

4.1.

4.1.1 Calculate the value of the closing stock on 28 February 2010, using the FIFO method.

8

4.1.2 Calculate the value of the closing stock on 28 February 2010 using the weighted average method. (*Round off to the nearest rand.*)

5

4.1.3 Would it be ethical for the owner to change the stock valuation method from year to year? Give a reason for your answer.

3

4.1.4

GENERAL LEDGER OF NOVO TRADERS
TRADING INVENTORIES ACCOUNT (B6)

2009 MAR	1	Balance	b/d	11 000					
Jun	30	Creditors Control		52 200					
Oct	31	Creditors Control		68 400					
2010 Feb	28	Creditors Control		18 150					

9

4.1.5 Calculate the Gross Profit for the year.

3

4.2 Ethics and Internal Control

4.2.1. Identify THREE areas of poor management highlighted by the article.

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6

4.2.2. Explain how internal control mechanisms can be improved so that future problems of this nature can be prevented. (THREE points)

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6

40	
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QUESTION 5

TANGIBLE ASSETS AND VAT

(25 marks ; 15 minutes)

5.1

	VEHICLES	EQUIPMENT
Cost (1 July 2009)	180 000	96 000
Accumulated Depreciation (1 July 2009)	(56 000)	(34 000)
CARRYING VALUE (1 July 2009)	124 000	62 000
Movements:		
Additions at cost	*	*
Disposals at carrying value	*	0
Depreciation for the year	*	*
CARRYING VALUE (30 June 2010)	160 750	76 100
Cost (30 June 2010)	*	124 500
Accumulated Depreciation (30 June 2010)	*	(48 400)

5.2 VAT

5.2.1 VAT CALCULATIONS:

(10)	
(3)	

13

25	
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QUESTION 6**CASH BUDGETS****(35 marks; 21 minutes)**

6.1. Calculate the total sales for August.

3

6.2 Complete the Debtors Collection Schedule to show the receipts from debtors during the month of August.

DEBTORS' COLLECTION SCHEDULE

CREDIT SALES		AUGUST
May	132 000	6 600
June	90 000	43 200
July	120 000	
August		
TOTAL		

6

6.3. The owner feels that debtors are not being managed properly.

6.3.1 Give TWO points (looking at the information provided) to justify his feelings.

4

6.3.2 Suggest TWO measures he could introduce to improve the situation.

4

6.4. Rent increased in August. Calculate the amount and the percentage increase.

5

6.5. Calculate the **interest rate** on the loan from ABSA.

4

6.6. Compare the actual figures against the budgeted amounts and comment on each of the following, stating TWO points in each case:

ADVERTISING

DELIVERY EXPENSES

4

6.6. The owner feels that the business vehicles are being abused by employees. Give reasons to justify his feelings (quote figures/indicators from the information) and provide TWO suggestions he could use to have better control over the vehicles.

REASONS

SUGGESTIONS

5

35

TOTAL: 300