**ACCN**



# ISEBE LEMFUNDO LEMPUMA KOLONI

EASTERN CAPE EDUCATION DEPARTMENT

OOS-KAAP ONDERWYSDEPARTEMENT

IIMVIWO ZEBANGA LOKUGQIBELA

NATIONAL SENIOR CERTIFICATE EXAMINATION

NASIONALE SENIOR SERTIFIKAAT-EKSAMEN

### SEPTEMBER 2009

|  |
| --- |
| **ACCOUNTING** |

**ANSWER BOOK**

|  |  |
| --- | --- |
| **Question** | **Mark** |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 |  |
| 6 |  |
| **TOTAL** |  |

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| This answer book consists of 17 pages. |

**QUESTION 1.1**

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| **1.1.1** | **Mention any TWO possible mistakes that may occur when you prepare a debtors control and debtors list and how to correct it.** | | |  |
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| **1.1.2** | **What can we determine by looking at the age analysis above? Give TWO points.** | | |  |
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| **1.1.3** | **What was the total amount owed by debtors on 31 March 2009?** | | |  |
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| **1.1.4** | **Which debtor was not in arrears?** | | |  |
|  |  | | | **1** |
| **1.1.5** | **Since which month was Rahul overdue?** | | |  |
|  |  | | | **1** |
| **1.1.6** | **Does this business keep tight control of its debtors? Explain.** | | |  |
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| **1.1.7** | **What percentage of the debtors is due?** | | |  |
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| **1.1.8** | **What would you do to encourage debtors to pay their accounts on time?** | | |  |
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| **1.1.9** | **Paul wishes to change his supplier and wants to settle his account by**  **1 April 2009.** | | |  |
|  | **(a)** | | **Will he qualify for the 5% discount?** |  |
|  |  |  | | **1** |
|  |  | | |  |
|  | **(b)** | | **Calculate the final amount he has to pay to settle his account  as at 1 April 2009.** |  |
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**QUESTION 1.2**

**1.2**

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| **1.2.1 Complete the depreciation, accumulated depreciation and carrying   value columns in the register in your answer booklet.** | | | |  |
| **Tangible Asset Register of Sureshcraft Traders Fol 6**  Description: Saira bench saw  Date of purchase: 1 March 2006 Date sold:  28 Feb2009  Purchased from: Tools for Mzantsi Sold to: Mary Woods  Cost: **R7 000** Sold for: **R3 000**  Depreciation: **10%** p.a. on the diminishing balance | | | |  |
| Date | Depreciation | Accumulated  depreciation | Carrying  Value |  |
| 28 February 2007 |  |  |  |  |
| 28 February 2008 |  |  |  |  |
| 28 February 2009 |  |  |  | **3** |

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| **1.2.2 Calculate the profit/loss on the sale of the asset.** |  | |  |  |
| **Calculation** |  | **Answer** |  |  |
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| **1.2.3 The asset was replaced because the owner wanted a more technologically advanced one. Give ONE benefit a new bench saw will offer the business.** | | |  |  |
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| **1.2.4 Consider the use and value of assets to answer the questions below.**  **(a) Would the rate of depreciation be higher for vehicles or for  computers? Motivate your answer.** |  |  |
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| **(b) Why would computers be replaced more often than vehicles?** |  |  |
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**QUESTION 2**

**BALANCE SHEET**

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| **ASSETS** | |  |  |  |  |  |
| **Non-current assets** | |  |  |  |  |  |
| **Tangible assets** | |  |  |  |  |  |
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| **Financial assets** | |  |  |  |  |  |
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| **Current assets** | |  |  |  |  |  |
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| **TOTAL ASSETS** | |  |  |  |  |  |
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| **EQUITIES AND LIABILITIES** | |  |  |  |  |  |
| **Share capital and reserves** | |  |  |  |  |  |
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| **Non-current liabilities** | |  |  |  |  |  |
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| **Current liabilities** | |  |  |  |  |  |
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| **TOTAL EQUITY AND LIABILITIES** | |  |  |  |  |  |
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**2.2.1 Briefly explain the difference in the duties performed by the internal   
auditor and the independent (external) auditor.**

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**2.2.2 Briefly explain how an auditor should check that the figures shown for   
 fixed assets and stock in the financial statements are reasonable.**

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**2.2.3 What should the independent auditor do if he feels that the value for   
 equipment is not reasonable?**

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**2.2.4 Due to the change in demand, 300 units of the stock on hand cannot   
be sold at their normal selling price. A second-hand dealer is prepared   
to take them at below the cost price. What advice do you have for the   
business and state the GAAP principle to be used?**

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**QUESTION 3**

**3.1 3.1.1 Calculate the following:**

(a) **Direct material costs**

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(b) **Direct labour costs**

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(c)  **Manufacturing overheads**

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**NEETHU MANUFACTURERS**

**3.1.2 Production cost statement for the year ended 28 February 2009**

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**3.1.3 Is the manufactured product labour-intensive or not?   
 Give ONE reason for your answer.**

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**3.2 3.2.1** (a) **Direct material cost per unit**

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**3.2.1 (b) Factory overhead cost per unit**

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**3.2.2 Give a reason for the change in factory overheads per  
 unit between the two years.**

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**3.2.3 Give a possible reason for the difference in the direct labour   
cost per unit.**

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**3.2.4 Calculate the total number of units the business must produce   
in order to break-even (that is not to make a profit or a loss).   
Use the 2009 figures.**

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**3.2.5 Give TWO suggestions from the information given to improve**

**profitability. (Quote figures to support your suggestion).**

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**QUESTION 4**

**In addition to their 10 sales employees, Emile Sport Stores will employ an additional salesman from 1 May 2009 and will also earn an equal salary as others.  
Calculate the percentage increase in the salaries.**

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**4.2 According to the rental agreement the rent is paid one month in advance  
and rent increases yearly on 1 May.**

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| **4.2.1 Why is April budget reflecting the increase?** | |  |  |
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| **4.2.2 Calculate the percentage increase in rent.** | **Answer** |  |  |
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| **4.2.3 Determine the budget figure for May 2009.** | **Answer** |  |  |
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**4.3 Explain why depreciation amount of R9 200 per month does not appear   
 in the cash budget. Give TWO other items that should not be reflected.**

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**4.4 Comment on the pattern of the sundry administration costs.**

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**4.5 Comment on the advertising budget.**

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**4.6 Interest on the loan is 15% per year payable end of the month. R10 000   
will be paid back on the loan on 1 March 2009. What will the balance of  
the loan account be after this payment?**

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**4.7 Emile Sports Stores plan to extend and improve their buildings for  
an amount of R150 000 in June 2009. Provide TWO suggestions as to   
how they can finance this venture.**

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**4.8 At the end of March 2009 they compared real figures with budgeted   
figures and found the following. Compare and comment on each of the   
following categories**.

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**QUESTION 5**

**5.1 5.1.1 What is the difference between output VAT and input VAT?**

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**5.1.2 Calculate the amount owing to the SARS.**

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**5.1.3 Tim Endrews regularly purchases goods from Saki Stores.   
The owner has offered Tim a special price of R3 400 including   
VAT instead of the normal price of R3 700, provided he pays cash   
and do not require a document. Tim is tempted, as this seems like   
a good offer. Advise him as to whether he should accept the offer. Briefly explain.**

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**5.2 5.2.1 Explain one main difference between FIFO and average   
method of stock valuation using FIFO.**

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**5.2.2 Calculate the value of unsold units at 31 October 2009 using   
 FIFO.**

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**5.2.3 Calculate the cost of sales using FIFO.**

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**5.2.4 Calculate the gross profit using FIFO.**

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**5.2.5 Calculate the value of closing stock using the weighted   
average method.**

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**5.2.6 Prales has been told that he would make a higher gross   
profit if he used weighted average method of valuing his  
stock. However, he feels it will make no difference over time.  
Do you agree? Explain your answer. Calculations are not required.**

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**QUESTION 6**

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| **6.1** | | **6.1.1** | **Reconciliation between net profit before tax and cash generated  from operations.** | | | |
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|  | | **6.1.2** | **Tax paid** |  | |  | | |  | |
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**6.1.3 Cash flow from financing activities**

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**6.2 6.2.1 How much the new shares were sold for.**

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**6.2.2 How much was the interim dividend paid during the year ending   
 28 February 2009.**

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**6.2.3 The net asset value per share on 28 February 2009 ended.  
 (2008: R3,03)**

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**6.2.4 The earnings per share for the year 28 February 2009.   
 (R008: 30 cent)**

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**6.2.5 Comment on the dividend policy.**

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**6.2.6 The return on average shareholders’ equity for the year   
 ended 28 February 2009. (2008: 8%)**

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**6.2.7 The debt:equity ratio on 28 February 2009. (2008: 0,15:1)**

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**6.2.8 The return on average total capital employed for the year   
 ended 28 February 2009. (2008:10,5%)**

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**6.3 6.3.1 Advice to shareholder**

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**6.3.2 Comment on decision to increase loan**

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**6.4 Necessity for auditors to complete audit in accordance with   
International Standards of Auditing**

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**6.5 Do the auditors guarantee that their report is completely accurate   
and correct? Explain.**

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**TOTAL: 300**