



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2018

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAX MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	40		
3	75		
4	65		
5	45		
6	30		
	300		

This answer book consists of 16 pages.



QUESTION 1: COST ACCOUNTING

1.1

Choose the correct answer from the words provided within brackets.
Write only the answer, next to each number.

1.1.1	
1.1.2	
1.1.3	

3

1.2

LOLO MANUFACTURERS

1.2.1

Calculate the cost of the raw materials issued to the factory during the financial year.

8

1.2.2

Calculate: Direct Labour Cost

7

Calculate: Factory Overhead Cost

Factory sundry expenses	89 910

5

1.2.3 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2018

Prime cost	
Total manufacturing cost	
Work-in-process (opening balance)	30 000
Total cost of production of finished goods	

11

1.3 GRENS BAKERY

1.3.1 Calculate the break-even point for 2018.

4

1.3.2 Explain whether Sydney should be concerned about the break-even point and the level of production. Quote figures.

3

1.3.3 Give a possible reason for the change in unit costs of direct material and of direct labour.

REASON: DIRECT MATERIAL COST	REASON: DIRECT LABOUR COST

4

Q1: TOTAL MARKS	45	
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QUESTION 2: BUDGETING

2.1.

TRUE OR FALSE	
2.1.1	
2.1.2	
2.1.3	

3

2.2 BANYAMA LTD

2.2.1

DEBTORS COLLECTION SCHEDULE			
MONTHS	CREDIT SALES	AUGUST	SEPTEMBER
July	157 500	94 500	
August			
CASH FROM DEBTORS			

7

2.2.2

	WORKINGS	ANSWER
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

19

2.2.3

Refer to Information J:**Calculate the percentage increase in the manager's salary.**

4

**Comment on whether the salary and wage decision was justified.
Quote figures.**

3

Provide TWO possible consequences of this decision.

4

Q2: TOTAL MARKS

40

QUESTION 3: FIXED ASSETS, INCOME STATEMENT AND AUDIT REPORT**3.1**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 YASHPAL LTD**3.2.1 Refer to Information A:**

	WORKINGS	ANSWER
(i)		
(ii)		
(iii)		

11

3.2.2**ASSET DISPOSAL (N12)**

5

3.2.3 Income Statement for the year ended 28 February 2018

Sales	
Cost of sales	
Gross profit	
Other income	
Fee income	79 350
Gross income	
Operating expenses	
Operating profit	
Profit before interest expense	
Net profit before income tax	
Income tax	
Net profit after tax	

3.3 AUDIT REPORT: PICOLI LTD**3.3.1 Briefly explain the role of the external auditor.**

2

3.3.2 What type of audit report did Picoli Ltd receive? Explain.**TYPE:****EXPLANATION:**

3

3.3.3 Why would an existing shareholder be concerned about this report? Provide TWO points.

4

Q3: TOTAL MARKS	75	
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QUESTION 4: FINANCIAL STATEMENTS, CASH FLOW AND INTERPRETATION**4.1 CONCEPTS: MATCHING**

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2 KHLOE LTD

4.2.1	Net profit before income tax	988 700
	Adjustments for: Interest expense	124 900
	Changes in working capital	
	CASH GENERATED FROM OPERATIONS	

9

4.2.2 Amounts for the Cash Flow Statement.

WORKINGS	ANSWER
Income tax paid	
Dividends paid	
Fixed assets purchased	

4

4

5

4.2.3 Calculate: Net change in cash and cash equivalents

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4

4.3 KWEZI LTD**4.3.1 ORDINARY SHARE CAPITAL**

760 000	Balance on 1 March 2017	
	Balance on 28 February 2018	4 291 500

7

4.3.2 Calculate: Net asset value per share

3

Calculate: Return on average shareholders' equity

5

4.3.3 Quote TWO financial indicators (with figures and trends) that indicate an improvement in the liquidity position of the business.

4

4.3.4 The company paid back a large portion of the loan. Explain why this was a good decision. Quote TWO financial indicators (with figures).

6

- 4.3.5 Comment on the dividend pay-out policy over the past two years. Provide a possible reason for the policy adopted. Quote figures.

5

- 4.3.6 Explain whether the price paid for the share buy-back was fair. Quote TWO financial indicators (with figures) in your explanation.

4

Q4: TOTAL MARKS

65

QUESTION 5: INVENTORY VALUATION**5.1**

5.1.1	
5.1.2	
5.1.3	

3

5.2. CASUAL OUTFITTERS**5.2.1****Calculate: The amount paid for carriage on 11 June 2018**

4

Calculate: The value of the closing stock on 30 June 2018

9

5.2.2**Explain the effect that this decision will have on the gross profit.**

2

Give ONE valid reason for and ONE valid reason against changing the stock valuation method.

REASON FOR	
REASON AGAINST	

4

- 5.2.3 Funiwe is concerned about the control of her stock of jeans. She has sold 1 788 pairs of jeans during the year. Provide a calculation to support her concern.

5

- 5.2.4 Comment on the stock balance on 30 June 2018. Is this appropriate? Explain. Provide ONE point.

3

5.3 PROBLEM-SOLVING

- 5.3.1 What decision did Jay take regarding the selling price of the desks?

3

Explain TWO points on how this decision has affected the business.

6

- 5.3.2 Jay decided to buy his chairs from a cheaper supplier. Provide TWO points on why you feel that this was NOT a good decision.

6

Q5: TOTAL MARKS

45

QUESTION 6: RECONCILIATION AND VAT

6.1.1

NO.	CREDITOR'S LEDGER ACCOUNT BALANCE	STATEMENT BALANCE
Balance	95 160	143 460
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
(vii)		
TOTAL		

11

6.1.2

Refer to Information (vi):**Provide TWO possible actions that can be taken against M. Rice.**

4

Explain TWO internal control measures that the business can use to prevent such incidents in future.

4

6.2 VAT

Calculate the final amount payable to SARS on 31 July 2018.

11

Q6: TOTAL MARKS

30

TOTAL: 300