

NAME:

NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

SEPTEMBER 2019

SPECIAL ANSWER BOOK

QUESTION	MAX MARKS	MARKS AWARDED	MODERATOR
1	20		
2	40		
3	50		
4	85		
5	75		
6	30		
TOTAL	300		

This answer book consists of 19 pages.

QUESTION 1**1.1 CONCEPTS**

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5

1.2.1 Calculate the amount owing to SARS in respect of VAT at the end of February 2019 after taking the transactions into account.

No.	Calculation	Amount owing to SARS
A		
B		
C		
D		
E		
F		
G		
H		

13

1.2.2 Pro Party Shop is experiencing cash flow problems and there is no money available to pay SARS. The bank account shows an overdraft of R52 110 on 31 January 2019. The directors have asked the accountant to reduce the sales amount so that the business will then receive a refund from SARS.

Must the accountant go along with this suggestion?

Give ONE reason for your decision.

2

TOTAL MARKS
20

QUESTION 2**2.1 BANK RECONCILIATION AND INTERNAL CONTROL**

2.1.1 According to the January Bank Statement, does Rose Boutique have a favourable or unfavourable bank balance?

Give a reason for your answer.

2

2.1.2 Calculate the Bank balance according to the books of Rose Boutique on 31 January 2019.

State whether this balance is favourable or unfavourable.

7

2.1.3 The Reconciliation Statement for January 2019 shows an error that was made by the bank. Give ONE example of the type of error the bank could have made in this instance.

2

2.1.4 There are large outstanding deposits on the Bank Reconciliation Statement provided by the bookkeeper. On investigation it appears that these funds were in fact received by the cashier on 20 and 25 January 2019.

(a) What concern should you have regarding the deposits?

1

(b) Provide TWO solutions to ensure that this does not happen in future.

4

2.1.5 Rose Boutique issued a post-dated cheque no. 510 (dated 15 April 2019). Explain how this cheque will be handled in the financial statements on the financial year end, 28 February 2019.

2

2.2.3 Provide TWO internal control measures which can be implemented by a business for good internal control over creditors.

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4

TOTAL MARKS
40

QUESTION 3**3.1**

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2 N'SYNC MANUFACTURERS**3.2.1 Calculate the value of the raw material on hand on 28 February 2019, using the weighted-average method.**

Calculation	Answer

4

3.2.2 Calculate the value of the direct material issued for production.

Calculation	Answer

3

3.2.3 Prepare the note for Factory overhead cost.

	R
Factory overhead cost	616 280
Indirect material	
Insurance	
	12

3.2.4 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2019

	R
Direct material cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
Manufacturing cost	
Work-in-progress: Beginning	65 050
Work-in-progress: End	
Total cost of production	
	14

3.3 CRAFTY WOOD**3.3.1 Calculate the break-even point for 2018.**

3.3.1 Calculate the break-even point for 2018.	
Calculation	Answer
	6

3.3.2	Calculate the units produced and sold for 2018.	
	Calculation	Answer

2

3.3.3	Explain whether you think the owner, Jenny, should or should not be concerned about the profitability and sustainability of her business. Provide TWO reasons and justify your answer by providing supporting figures.

4

TOTAL MARKS
50

QUESTION 4

4.1

Choose a GAAP principle in COLUMN B that matches the description in COLUMN A.

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2.1 (a) **ORDINARY SHARE CAPITAL****Authorised shares:**

1 000 000 ordinary shares

Issued share capital:

	Ordinary shares on 1 July 2018	
	Ordinary shares on 30 June 2019	

10

(b) **RETAINED INCOME**

Balance on 1 July 2018	
Net profit after income tax	
Ordinary share dividends	
Balance on 30 June 2019	

13

**4.2.2 SAHARA LTD
BALANCE STATEMENT ON 30 JUNE 2019**

ASSETS	
NON-CURRENT ASSETS	
Fixed Assets	
CURRENT ASSETS	
Inventory	
Trade and other receivables	
Cash and cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS EQUITY	
NON-CURRENT LIABILITIES	
Loan: Quality Bank	
CURRENT LIABILITIES	
Trade and other payables	
Shareholders for dividends	
TOTAL EQUITY AND LIABILITIES	

4.3 AUDIT REPORT

4.3.1 Provide ONE reason why public companies must be externally audited.

2

4.3.2 What type of report did Giovanni Ltd receive from the independent auditors? Explain your answer.

Type:

Explanation:

3

4.3.3 Refer to information B.

One of the directors says that “the company must not waste money on things like this.” Provide **THREE** reasons against his opinion.

6

TOTAL MARKS
85

QUESTION 5**5.1 FIXED ASSETS**

5.1.1 Calculate the cost price of the delivery vehicle that was traded in on 31 August 2018.

Calculation	Answer

4

5.1.2 Calculate the missing figures as indicated by (i)–(iv) on the fixed asset note.

No.	Calculations	Answer
(i)		
(ii)		
(iii)		
(iv)		

14

5.2 CASH FLOW STATEMENT**5.2.1 Reconciliation between profit before taxation and cash generated from operations.**

	R
Adjustment in respect of:	
Operating profit before changes in working capital:	
Changes in working capital:	
Cash generated from operations	

17

5.2.2	Cash effects of operating activities	
		13

5.2.3	Net change in cash and cash equivalents	
	Cash and cash equivalents : Beginning	
	Cash and cash equivalents : End	
		4

5.3 INTERPRETATION AND ANALYSIS

5.3.1 Comment on the following financial indicators:

	Comment with figures	Reason for change
(a) % gross profit on the cost of sales		
		3
(b) % operating expenses on sales		
		3

5.3.2 From 2017 to 2018 the directors made a well-considered decision to change the policy on the distribution of profit in the form of dividends. Explain this change. Quote figures or calculations to support your answer.

4

5.3.3 Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement.

4

5.3.4 One of the directors feel that the loan should be paid as soon as possible. Do you agree? Quote TWO financial indicators with figures to support your opinion.

Opinion:

Financial indicators with figures:

5

5.3.5 The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion.

4

TOTAL MARKS
75

QUESTION 6

6.1 **Complete the Debtors' Collection Schedule for August 2019.**

DEBTORS' COLLECTION SCHEDULE FOR AUGUST 2019		
	CREDIT SALES	AUGUST
May	42 000	
June	49 200	
July	43 200	
August	33 600	

6

6.2 **Calculate the missing amounts indicated by (i)–(iv) on the Cash Budget.**

No.	Calculations	Answer
(i)		
(ii)		
(iii)		
(iv)		

11

6.3 **Refer to Information A and E.**

The workers are dissatisfied with the increases they will be receiving in August 2019. They have also indicated that they will embark on strike action in October 2019 if the owner does not address their concerns.

Give ONE reason (with figures) that the owner could use to justify the increase he granted to the workers in August 2019.

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4

6.4 Refer to Information A and G.

The owner requires your comment regarding the new vehicle.

Apart from the deposit and the monthly instalment of R6 250, explain how the next Cash Budget will be affected. State THREE points.

3

6.5 Refer to Information H.

At the end of August 2019 the following figures were identified. The owner has asked that you explain to him why the budgeted and actual amounts of certain items differ significantly.

Comment on the control of the following items in September 2019. Provide ONE point of advice to Terry in respect of each item.

COMMENT	ADVICE
ADVERTISING:	
PACKING MATERIALS:	

6

TOTAL MARKS
30

TOTAL: 300