STICKER

**CENTRE NUMBER**

|  |  |  |  |  |  |  |  |
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**EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE ACCOUNTING**

**GRADE 12**

**NOVEMBER 2019**

***SPECIAL ANSWER BOOK***

|  |  |  |  |
| --- | --- | --- | --- |
| **QUESTION** | **MARKS** | **INITIAL** | **MOD.** |
| **1** |  |  |  |
| **2** |  |  |  |
| **3** |  |  |  |
| **4** |  |  |  |
| **5** |  |  |  |
| **6** |  |  |  |
| **TOTAL** |  |  |  |

This answer book consists of 17 pages.

QUESTION 1

1.1

|  |  |
| --- | --- |
| **1.1.1** |  |
| **1.1.2** |  |
| **1.1.3** |  |

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|  |
| **3** |

* 1. **DESKS FACTORY 1.2.1**

|  |  |  |  |
| --- | --- | --- | --- |
| **Factory Overhead Cost Note** | |  | |
| **Indirect labour** | **R 296 500** |
| **Depreciation on factory plant** | **166 000** |
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| **8** |

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| --- | --- | --- | --- | --- |
| **1.2.2** | **Calculate the total cost of production of finished goods.** | |  | |
| **Workings** | **Answer** |
|  |  |
|  |  |
| **5** |
|  | | | | |
| **1.2.3** | **Sihle wants to produce an additional 1 500 desks.**  **Calculate the additional profit he can expect.** | |  | |
| **Workings** | **Answer** |
|  |  |
|  |  |
| **4** |

* 1. **CHAIRS FACTORY 1.3.1**

|  |  |
| --- | --- |
| **Provide a calculation to confirm the break-even point for 2019.** | |
| **Workings** | **Answer** |
|  |  |

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| **4** |

1.3.2

|  |
| --- |
| **Comment on the break-even point and the production level achieved.**  **Quote figures.** |
|  |

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|  |
| **4** |

1.3.3

|  |  |  |
| --- | --- | --- |
| **Sihle feels that wood raw material was not well controlled.**  **Provide a calculation to support his opinion.** | | |
|  | | |
| **Identify TWO possible causes of this problem. Provide a solution for EACH.** | | |
|  | **POSSIBLE CAUSES** | **SOLUTION FOR EACH** |
| **Cause 1** |  |  |
| **Cause 2** |  |  |

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| **4** |

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|  |
| **4** |

1.3.4

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| --- | --- | --- |
| **Give TWO reasons for the increase in direct labour cost. Provide a solution for EACH.** | | |
|  | **REASONS** | **SOLUTION FOR EACH** |
| **Reason 1** |  |  |
| **Reason 2** |  |  |

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| --- |
|  |
| **4** |

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| --- |
| **TOTAL MARKS** |
|  |
| **45** |

QUESTION 2

2.1.1

|  |  |
| --- | --- |
| **State THREE advantages of EFTs.** | |
| **Advantage 1** |  |
| **Advantage 2** |  |
| **Advantage 3** |  |

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| **3** |

2.1.2 Janet, the bookkeeper, has been assigned the duty of processing and controlling all EFTs.

|  |  |
| --- | --- |
| **Explain TWO reasons why the internal auditor is concerned about this.** | |
| **Reason 1** |  |
| **Reason 2** |  |

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| **4** |

2.2

|  |  |  |
| --- | --- | --- |
| **Show changes in the Cash Journals for June 2019.** | | |
| **CASH RECEIPTS JOURNAL** |  | **CASH PAYMENTS JOURNAL** |
| **27 470** | Provisional  totals | **32 400** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  | **TOTALS** |  |

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|  |
| **11** |

2.3

|  |  |
| --- | --- |
| **Calculate: Bank Account balance** | |
| **Workings** | **Answer** |
|  |  |

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|  |
| **4** |

2.4

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| --- | --- | --- | --- | --- |
| **BANK RECONCILIATION STATEMENT ON 30 JUNE 2019** | | |  | |
|  |  |  |
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| **8** |

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| **TOTAL MARKS** |
|  |
| **30** |

QUESTION 3 CABINETS 3.1

|  |  |
| --- | --- |
| **Calculate the value of closing stock using FIFO.** | |
| **Workings** | **Answer** |
|  |  |

|  |
| --- |
|  |
| **6** |

3.2.1

|  |  |
| --- | --- |
| **Calculate the % mark-up achieved in 2019.** | |
| **Workings** | **Answer** |
|  |  |

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|  |
| **4** |

3.2.2

|  |  |
| --- | --- |
| **Provide TWO points (with figures) to prove that this decision achieved its aims.** | |
| **Point 1** |  |
| **Point 2** |  |

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| **4** |

3.2.3

|  |  |
| --- | --- |
| **The CEO feels that this decision also negatively affected the company.**  **Provide TWO points (with figures) to support his opinion.** | |
| **Point 1** |  |
| **Point 2** |  |
| **Give the directors advice to solve this problem. Explain TWO points.** | |
| **Point 1** |  |
| **Point 2** |  |

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| **4** |

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|  |
| **2** |

LAMPS 3.3

|  |  |
| --- | --- |
| **Calculate the stockholding period for lamps (use closing stock).** | |
| **Workings** | **Answer** |
|  |  |

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|  |
| **3** |

3.4

|  |  |  |
| --- | --- | --- |
| **Calculate the number of missing lamps.** | | |
| **Workings** | | **Answer** |
|  | |  |
| **Give TWO suggestions to solve this problem.** | | |
| **Suggestion 1** |  | |
| **Suggestion 2** |  | |

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| **5** |

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| **4** |

TELEVISION SETS 3.5

|  |  |
| --- | --- |
| **Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method.** | |
| **Workings** | **Answer** |
|  |  |

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|  |
| **7** |

3.6

|  |  |
| --- | --- |
| **Explain THREE different concerns that George would have about this problem.** | |
| **Concern 1** |  |
| **Concern 2** |  |
| **Concern 3** |  |

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|  |
| **6** |

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| **TOTAL MARKS** |
|  |
| **45** |

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QUESTION 4

4.1

|  |  |
| --- | --- |
| **4.1.1** |  |
| **4.1.2** |  |
| **4.1.3** |  |
| **4.1.4** |  |
| **4.1.5** |  |

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|  |
| **5** |

4.2 VISIV LTD 4.2.1

|  |  |  |  |
| --- | --- | --- | --- |
| **(i)** | **Calculate: Depreciation for the current year** |  |  |
| **Workings** | | | **Answer** |
|  | | |  |
| **(ii)** | **Calculate: Carrying value of vehicle sold** |  |  |
| **Workings** | | | **Answer** |
|  | | |  |
| **Calculate: Profit/Loss on sale of asset** | | | |
| **Workings** | | | **Answer** |
|  | | |  |
| **Calculate: Fixed assets carrying value on 28 February 2019** | | | |
| **Workings** | | **Answer** | |
|  | |  | |

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| **5** |

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| **2** |

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| **4** |

4.2.2

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| --- | --- |
| **Calculate the correct net profit after tax for the year ended**  **28 February 2019. Indicate (+) for increase and (–) for decrease.** | |
| **Workings** | **Answer** |
| **Incorrect net profit before tax** | **822 700** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Correct net profit after tax** |  |

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|  |
| **9** |

4.2.3

|  |  |  |  |
| --- | --- | --- | --- |
| **RETAINED INCOME NOTE:** | |  | |
| **Balance at beginning** | **865 300** |
|  |  |
|  |  |
| **Ordinary share dividends** |  |
|  |  |
|  |  |
|  | |
| **Balance at end** |  |  |  |
| **9** |

|  |  |  |  |
| --- | --- | --- | --- |
| **VISIV LTD**  **STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2019** | |  | |
| **ASSETS** |  |
| **Non-current assets** |  |
| **Fixed assets** |  |
| **Fixed deposit** |  |
| **Current assets** |  |
| **Inventories** | **1 102 000** |
|  |  |
| **Cash and cash equivalents** |  |
|  | |
| **TOTAL ASSETS** |  |
|  |  |
|  |
| **EQUITY AND LIABILITIES** |  |
| **Ordinary shareholders' equity** |  |
| **Ordinary share capital** | **8 152 000** |
|  |  |
|  |  |
| **Non-current liabilities** |  |
|  |  |
|  |  |
| **Current liabilities** | **2 900 000** |
|  |  |
|  |  |
|  |  |
| **Current portion of loan** |  |
|  | |  |  |
| **TOTAL EQUITY AND LIABILITIES** |  |
| **27** |
|  | | | |
|

4.3 AUDIT REPORT 4.3.1

|  |
| --- |
| **What type of audit report did the company receive?** |
|  |

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|  |
| **1** |

4.3.2

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| --- | --- |
| **Give TWO examples of audit evidence that the auditors would have required regarding this problem.** | |
| **Example 1** |  |
| **Example 2** |  |

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|  |
| **2** |

4.3.3

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| --- | --- |
| **Apart from the current ratio, identify and calculate ONE other financial indicator that the auditors would have used in deciding on this opinion.** | |
| **Identify ONE other financial indicator: Calculate the financial indicator:** | |
| **Explain what the directors could have done to prevent this comment by the auditors. Provide TWO points.** | |
| **Point 1** |  |
| **Point 2** |  |

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| **4** |

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|  |
| **2** |

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| **TOTAL MARKS** |
|  |
| **70** |

QUESTION 5

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| **4** |

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|  |
| **4** |

5.1

|  |  |
| --- | --- |
| **5.1.1** |  |
| **5.1.2** |  |
| **5.1.3** |  |
| **5.1.4** |  |

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|  |
| **4** |

5.2 SUNSET LTD 5.2.1

|  |  |
| --- | --- |
| **Calculate: Income tax paid** | |
| **Workings** | **Answer** |
|  |  |
| **Calculate: Dividends paid** | |
| **Workings** | **Answer** |
|  |  |
| **Calculate: Proceeds of shares issued** | |
| **Workings** | **Answer** |
|  |  |
| **Calculate: Fixed assets purchased** | |
| **Workings** | **Answer** |
|  |  |

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| **4** |

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| **4** |

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|  |
| **6** |

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|  |
| **5** |

5.2.2 Calculate financial indicators for the year ended 28 February 2019:

|  |  |
| --- | --- |
| **% operating profit on sales** | |
| **Workings** | **Answer** |
|  |  |
| **Net asset value per share** | |
| **Workings** | **Answer** |
|  |  |
| **Debt-equity ratio** | |
| **Workings** | **Answer** |
|  |  |

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|  |
| **4** |

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| **5.3** | **HORIZON LTD and OPTIMA LTD** |

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| --- | --- | --- | --- | --- |
| **5.3.1** | **Explain why directors should be interested in the price of their companies' shares on the JSE.** | |  | |
|  | |
|  |  |
| **2** |
| **Calculate the number of additional shares in Horizon Ltd that Mike was**  **able to buy on the JSE in 2019.** | |  | |
| **Workings** | **Answer** |
|  |  |
|  |  |
| **3** |
| **Comment on the price that Mike paid for these shares and provide TWO reasons why he might have been satisfied to pay this price.** | |  | |
| **Comment (with figures): Reason 1 :**  **Reason 2:** | |
|  |  |
| **6** |
|  | | | | |
| **5.3.2** | **Explain your opinion on which company has the better dividend pay-out policy. Quote figures.** | |  | |
|  | |
|  |  |
| **6** |
| **Compare and comment on the % return on equity earned by EACH company. Quote figures.** | |  | |
|  | |
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| **4** |

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| **Mike feels that the earnings per share (EPS) of Optima Ltd is much better than that of Horizon Ltd. Explain why he feels this way. Quote figures or calculations.** |
|  |

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| **5** |

5.3.3

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| --- |
| **Explain TWO decisions taken by the directors of Horizon Ltd in response to the state of the economy, and how these decisions will affect the company in future.** |
| **Decision 1 (with figures): Decision 2 (with figures): Effect on Horizon Ltd in future:** |
| **Explain TWO decisions taken by the directors of Optima Ltd that affect**  **risk and gearing. Quote and comment on TWO financial indicators.** |
| **Decision 1 (with figures):**  **Decision 2 (with figures):**  **Quote and comment on TWO financial indicators that affect risk and gearing.** |

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| **6** |

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|  |
| **8** |

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| **TOTAL MARKS** |
|  |
| **75** |

QUESTION 6

6.1

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| --- | --- | --- | --- |
|  | **CASH BUDGET** | | |
| **Nov.**  **2019** | **Dec.**  **2019** | **Jan.**  **2020** |
| **Printer bought** |  |  |  |
| **Depreciation** |  |  |  |
| **Insurance** |  |  |  |
| **Loan received** |  |  |  |
| **Loan repayments** |  |  |  |
| **Interest** |  |  |  |

|  |  |  |
| --- | --- | --- |
| **PROJECTED INCOME STATEMENT** | | |
| **Nov.**  **2019** | **Dec.**  **2019** | **Jan.**  **2020** |
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| **11** |

6.2

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| **Thembi is preparing projections for the period commencing 1 November 2019. Thembi does not grant discount for early payment.**  **Calculate the % of debtors who settle their accounts in the 2nd month following the credit sales transaction month.** | |
| **Workings** | **Answer** |
|  |  |
| **Calculate the % of debtors written off as bad debts at the end of the 3rd**  **month following the credit sales transaction month.** | |
| **Workings** | **Answer** |
|  |  |

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| **3** |

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| **4** |

6.3.1

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| **Office workers are unhappy with the increase that Thembi gave them on 1 October 2019. Explain what she should say to them. Provide TWO points. Quote figures or a calculation.** | | |
|  | **Explanations** | **Figures/Calculations** |
| **Point 1** |  |  |
| **Point 2** |  |  |

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|  |
| **6** |

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| --- | --- |
| **6.3.2** | **Thembi pays her son, Jacob, to deliver and install carpets for customers. She budgets R2,80 per metre for this.**  **Comment on the control of this expense. Quote figures or a calculation.** |
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|  |  |
|  | **4** |

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| **6.3.3** | **A new competitor commenced trading in the area on 1 September 2019.**  **Provide figures to illustrate the impact on sales in September.** | | |  | |
|  | | |
|  |  |
| **2** |
| **Explain THREE decisions that Thembi took in October in response to the new competitor. Quote figures or a calculation.** | | |  | |
|  | **Explanation (with figures)** | |
| **Decision 1** |  | |
| **Decision 2** |  | |
|  |  |
| **Decision 3** |  | |
| **6** |
|  | | | | | |
| **6.3.4** | **Calculate the actual amount payable to creditors in November 2019.** | | |  | |
| **Workings** | | **Answer** |
|  | |  |
|  |  |
| **4** |

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| --- |
| **TOTAL MARKS** |
|  |
| **40** |

|  |  |
| --- | --- |
| **TOTAL:** | **300** |