CENTRE NUMBER

EXAMINATION NUMBER

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	

3

1.2 **DESKS FACTORY**

1.2.1

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

8

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

1.3 **CHAIRS FACTORY**

1.3.1

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

4

1.3.2

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

4

1.3.3

Sihle feels that wood raw material was not well controlled. Provide a calculation to support his opinion.

4

Identify TWO possible causes of this problem. Provide a solution for EACH.		
	POSSIBLE CAUSES	**SOLUTION FOR EACH**
Cause 1		
Cause 2		

4

1.3.4

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

4

TOTAL MARKS
45

QUESTION 2

2.1.1

State THREE advantages of EFTs.	
Advantage 1	
Advantage 2	
Advantage 3	

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	

4

2.2

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

11

2.3

Calculate: Bank Account balance	
Workings	**Answer**

4

2.4

BANK RECONCILIATION STATEMENT ON 30 JUNE 2019		

8

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**

4

3.2.2

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

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	

4

Give the directors advice to solve this problem. Explain TWO points.	
Point 1	
Point 2	

2

LAMPS

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

3

3.4	Calculate the number of missing lamps.	
	Workings	**Answer**

5

Give TWO suggestions to solve this problem.	
Suggestion 1	
Suggestion 2	

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**

7

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

6

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	

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**

5

Calculate: Profit/Loss on sale of asset	
Workings	**Answer**

2

Calculate: Fixed assets carrying value on 28 February 2019	
Workings	**Answer**

4

4.2.2

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	

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?**

1

4.3.2 | **Give TWO examples of audit evidence that the auditors would have required regarding this problem.**

Example 1	
Example 2	

2

4.3.3 | **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:

4

Explain what the directors could have done to prevent this comment by the auditors. Provide TWO points.

Point 1	
Point 2	

2

TOTAL MARKS
70

QUESTION 5

5.1

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2   SUNSET LTD

5.2.1

Calculate: Income tax paid	
Workings	**Answer**

4

Calculate: Dividends paid	
Workings	**Answer**

4

Calculate: Proceeds of shares issued	
Workings	**Answer**

6

Calculate: Fixed assets purchased	
Workings	**Answer**

5

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

% operating profit on sales	
Workings	**Answer**

4

Net asset value per share	
Workings	**Answer**

4

Debt-equity ratio	
Workings	**Answer**

4

5.3   HORIZON LTD and OPTIMA LTD

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.	
	4

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.

5

5.3.3 **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:

6

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.

8

TOTAL MARKS
75

QUESTION 6

6.1

	CASH BUDGET			PROJECTED INCOME STATEMENT		
	Nov. 2019	Dec. 2019	Jan. 2020	Nov. 2019	Dec. 2019	Jan. 2020
Printer bought						
Depreciation						
Insurance						
Loan received						
Loan repayments						
Interest						

11

6.2 | **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

3

Calculate the % of debtors written off as bad debts at the end of the 3ʳᵈ month following the credit sales transaction month.	
Workings	**Answer**

4

6.3.1 | **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		

6

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.

4

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

TOTAL MARKS
40

TOTAL: 300