



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING
ANSWER BOOK
COMMON TEST
JUNE 2014

NAME: _____

GRADE: 12 _____

QUESTION	MARKS	MODERATED
1.		
2.		
3.		
4.		
5.		
6.		
TOTAL		

This answer book consists of 20 pages.



★ A C A B E ★

QUESTION 1

1.1 Why is it important for a business to prepare a monthly Bank Reconciliation Statement? Provide TWO points.

4

1.2 One of the cheques not presented to the bank has been treated incorrectly. Which cheque is it and explain your choice? Indicate the correct course of action to be taken in February.

Indicate the correct course of action.

3

1.3 Calculate the correct totals in the CRJ and CPJ for 28 February 2014.

CRJ	CPJ
146 970	68900

6

1.4 BANK RECONCILIATION STATEMENT AS AT 28 FEBRUARY 2014

	DEBIT	CREDIT

7

1.5 Explain how cheque No. 908 should be treated when preparing the financial statements as at 28 February 2014, and explain the reason for this treatment.

Treatment of cheque No. 908 in the financial statements:

Reason for this treatment:

4

1.6 Explain why a post-dated cheque received by Belino Traders on 10 February 2014 but dated 25 March 2014 does not appear in the Bank Reconciliation Statement.

2

1.7 Refer to information G. The bookkeeper has decided to write off the amount of R50 000.

**Which GAAP principle will the bookkeeper apply in this case?
Briefly explain this principle.**

**The bookkeeper wants to prevent a problem such as this in future.
Give TWO solutions to improve internal control in this regard.**

Which GAAP principle will the bookkeeper apply in this case?

The bookkeeper wants to prevent a problem such as this in future. Give TWO solutions to improve internal control in this regard.

QUESTION 2**2.1 Tangible asset/fixed asset note.**

TANGIBLE ASSETS	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
Carrying value at beginning of the year	1 900 000		
Cost	1 900 000		
Accumulated depreciation	-		
Movements			
Additions	0		
Disposal	0		
Depreciation	-		
Carrying value at the end of year	1 900 000		
Cost	1 900 000		
Accumulated depreciation	-		

2.2 Ordinary share capital note

Authorised:	
Number of authorized ordinary shares: 800 000 shares	
ISSUED:	

4

2.3 Retained income

Balance at the beginning of the financial year	

15

2.4

Durban LIMITED
BALANCE SHEET AS AT 28 FEBRUARY 2014

ASSETS	
NON-CURRENT ASSETS	
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
TOTAL EQUITY AND LIABILITIES	

QUESTION 3

**3.1 3.1.1 Calculate the value of the closing stock for the following stock items.
Show all workings.**

3.1.2 Bicycles (use the Specific Identification method)

10

3.2 Calculate cost of sales for: Grocery

11

**3.3 As internal auditor, what would you say to the owner and accountant?
State TWO points.**

4

3.4 What advice would you offer to the owner in this regard?

3

QUESTION 4**4.1****Asset disposal account**

Feb 2014	28				Feb 2014	28			

10

4.2

ZOLA LIMITED: INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2014[illegible]

4.3**4.3.1 TRADE AND OTHER RECEIVABLES**

Net Trade Debtors	

QUESTION 5**5.1**

5.1.1 Explain ONE method that Mandla Mbambo could have used to collect audit evidence.

2

5.1.2 Calculate the new outstanding balance of Khethiwe Mdluli after taking into account errors and omissions. Use information 5.

7

5.1.3 Calculate the amount of discount that Mduduzi Hlatshwayo received when he settled his account.

3

5.1.4

DEBTORS AGE ANALYSIS OF FIVE WAYS PHARMACY

	90 Days +	60 Days	30 Days	Current
Nonjabulo Mgabhi	-			

3

5.1.5 A business can take legal action if debtors are not paying their accounts, but this would cost money. What THREE strategies should Mandla Mbambo consider before deciding whether to take legal action or write off the bad debts.

--

3

5.1.6 Five Ways Pharmacy is obviously having a problem controlling its debtors, Mandla Mbambo has been brought in to try and rectify the situation which he claimed he did very well. Do you agree with his statement? Give TWO opinions to support your answer.

--

5

5.2 Use the table to indicate the differences that were discovered when comparing the account in the Creditors Ledger with the statement received from Zulu Suppliers.

Write only the amount in the appropriate column and a plus (+) or minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct balance/total at the end.

	Creditors ledger of Zwane Traders	Statement from Zulu Suppliers
Balance	R 7 750	R 11 000
1.		
2.		
3.		
4.		
5.		
Balance/Total		

QUESTION 6

6.1 State where the following statements are TRUE or FALSE.	
6.1.1	
6.1.2	
6.1.3	
6.1.4	
6.1.5	

5

6.2**6.2.1 Cash generated from operations for the year ended on 28 February 2014**

8

6.2.2 Cash flow statement for the year ended 28 February 2014

Cash flow from operating activities	
Dividends paid	(300 000)
Cash flow from investing activities	
Proceeds on sale of non-current assets	1 100 000
Cash flow from financing activities	

6.2.3**6.2.3.1 Debt/equity ratio**

3

6.2.3.2 % return on average shareholders' equity (after tax)

5

6.2.3.3 % return on total capital employed

6

6.3

6.3.1 Comment on the price at which the new shares were issued for both companies. Will the directors and the shareholders be satisfied with this? Explain, quoting relevant figures from the question in each company.

Mkhabela LTD

Opinion:

Nyembe LTD

Opinion:

10

6.3.2 Consider the use of loans by the two companies:

Which company is making more use of loan? Quote a financial indicator for each company.

Explain whether or not it was a good idea for that company to make use of loans. Quote ONE financial indicator.

6

6.3.3 Mr Mathebula is of the opinion that the directors of Nyembe are generally happy with handling of its working capital more effectively and in a better liquidity situation than Mkhabela LTD. Explain and quote THREE financial indicators to support his opinion.

9

TOTAL: 300

