

**GRADE 12  
ACCOUNTING  
EXEMPLAR 2008**

**NAME OF LEARNER:** \_\_\_\_\_

**ANSWER BOOK**

<b>QUESTION</b>	<b>MAX.</b>	<b>PART-MARKS</b>	<b>FINAL MARKS</b>
<b>1</b>	<b>25</b>		
<b>2</b>	<b>30</b>		
<b>3</b>	<b>70</b>		
<b>4</b>	<b>70</b>		
<b>5</b>	<b>75</b>		
<b>6</b>	<b>30</b>		
	<b>300</b>		

**This answer book consists of 20 pages.**

**QUESTION 1**

<b>1.1</b>	<p>Briefly explain:</p> <p>What you understand by the term <i>internal control</i></p> <p>Why it is important to apply internal control in a business</p> <p>Why preparing reconciliations is important for internal control</p>	<input type="text"/> <b>7</b>
<b>1.2</b>	<p>According to the Bank Statement, does this business have a favourable bank balance or a bank overdraft? Give a reason for your choice.</p>	<input type="text"/> <b>2</b>
<b>1.3</b>	<p>Calculate the bank balance in the Ledger of Soweto Stationers on 29 February 2008.</p> <p>State whether this is a favourable or unfavourable balance.</p>	<input type="text"/> <b>3</b>

1.4	List FOUR steps you would follow when preparing a Bank Reconciliation Statement.	<input type="text"/> 4
1.5	When preparing the financial statements of Soweto Stationers at the end of February 2008, what amount would you reflect under Cash and Cash Equivalents on the Balance Sheet?	<input type="text"/> 2
1.6	Calculate the correct amount owed to Ace Wholesalers by Soweto Stationers.	<input type="text"/> 4
1.7	Briefly explain what action should be taken over the difference of R1 900 in Example C.	<input type="text"/> 3

<b>MARKS</b>
<input type="text"/>
25

**QUESTION 2**

<b>2.1</b>	Explain the difference between the periodic and perpetual inventory systems. Also explain the advantage of each system.	<input type="text"/> <b>4</b>
<b>2.2</b>	Calculate the total number of microwave ovens sold during the year.	<input type="text"/> <b>3</b>
<b>2.3</b>	Calculate the total number of microwave ovens on hand at 29 February 2008.	<input type="text"/> <b>3</b>

<b>2.4</b>	<b>2.4.1</b> Calculate the closing stock using the FIFO method.	<input type="text"/> <b>3</b>
	<b>2.4.2</b> Calculate the gross profit for the year ended 29 February 2008 using the FIFO stock valuation method. You may draft the Trading Account to calculate this figure.	<input type="text"/> <b>5</b>
<b>2.5</b>	<b>2.5.1</b> Calculate the value of the closing stock by using the weighted average stock valuation method on 29 February 2008.	<input type="text"/> <b>5</b>

	<b>2.5.2</b>	Calculate the gross profit for the year ended 29 February 2008 using the weighted average stock valuation method. You may draft the Trading Account to calculate this figure.	
			<input type="text"/>
			<b>3</b>

	<b>2.6</b>	In your opinion will it be ethical for Mr Crooke to change the method of stock valuation? Give ONE reason for your answer.	
			<input type="text"/>
			<b>4</b>

<b>MARKS</b>
<input type="text"/>
<b>30</b>

**QUESTION 3****MAHALA BAGS  
PRODUCTION COST STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008**

	Note	
<b>DIRECT COSTS</b>		
Direct materials cost	1	
Direct labour cost	2	
<b>FACTORY OVERHEAD COSTS</b>	3	
<b>Total manufacturing costs</b>		
Add: Work-in-progress at beginning of year		
Less: Work-in-progress at end of year		
<b>Cost of production of finished goods</b>		
		9

**NOTE 1: DIRECT MATERIALS COST**

		9



<b>3.2.1</b>	Explain what is meant by the following and give an example of each: <ul style="list-style-type: none"><li>• Fixed costs</li> <li>• Variable costs</li></ul>	<input type="text"/> <input type="text" value="4"/>
<b>3.2.2</b>	Calculate the following unit costs for 2008: <ul style="list-style-type: none"><li>• Direct material cost per unit</li> <li>• Factory overhead cost per unit</li> <li>• Total variable cost per unit</li></ul>	<input type="text"/> <input type="text" value="7"/>
<b>3.2.3</b>	Calculate the total number of pairs of soccer boots the business must produce in order to break even (that is not to make a profit or a loss). Use the 2008 figures in your calculation.	<input type="text"/> <input type="text" value="9"/>



**QUESTION 4****4.1 FATTI'S SUPERMARKET LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	R '000
<b>Cash flow from operating activities</b>		
Cash generated from operations		214 400
Interest paid		(12 000)
Income tax paid		(37 820)
<b>Cash flow from investing activities</b>		
Purchase of fixed assets		
Proceeds of sale of fixed assets		160 000
Increase in investments		(40 000)
<b>Cash flow from financing activities</b>		
Loans repaid		(200 000)
<b>Net change in cash and cash equivalents</b>		
<b>Cash and cash equivalents at beginning of year</b>		11 000
<b>Cash and cash equivalents at end of year</b>		

18

**4.2 CALCULATE THE FOLLOWING FINANCIAL INDICATORS FOR 2008:**

<b>WORKINGS</b>	<b>ANSWER:</b>
% operating profit on sales	
% return on average shareholders' equity (after tax)	
Net asset value per share	
Earnings per share	
Stock turnover rate	

<b>18</b>

<b>4.3</b>	<b>4.3.1</b> Have the employees been treated fairly or not? Briefly explain. State TWO points supporting your answer, by quoting figures from the financial statements or the financial indicators.	<input type="text"/> <b>6</b>
	<b>4.3.2</b> What advice would you offer to the directors to solve this problem?	<input type="text"/> <b>3</b>
<b>4.4</b>	Has the company controlled its working capital well, and is the company liquid? Briefly explain, quoting figures from the financial statements or the financial indicators.	<input type="text"/> <b>7</b>

**4.5 LETTER TO CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer  
 Fatti's Supermarket Ltd  
 PO Box 1000  
 Cape Town

30 November 2008

Dear Sir

**CONGRATULATIONS**

I congratulate you on the return, earnings, dividends and share price that the company has achieved this year. As a shareholder I am obviously very happy with this performance. My specific comments are as follows:

**Return:****Earnings and dividends per share:****Share price:****Possible areas for future improvement:**

Thank you for your continued hard work. I shall be voting for you at the AGM.

Yours sincerely

	<b>TOTAL</b>
<b>18</b>	<b>70</b>

**QUESTION 5****5.1.1 KAMBULO LTD  
BALANCE SHEET ON 30 JUNE 2008**

<b>ASSETS</b>		
Non-current assets		
Current assets		
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
Ordinary shareholders' equity		
Non-current liabilities		
Current liabilities		
<b>TOTAL EQUITY AND LIABILITIES</b>		

35

<b>5.1.2</b>	What is the minimum number of new shares Joan Kambo must buy in order to keep control of the company?	<input type="text"/> <b>5</b>
<b>5.1.3</b>	What should Joan Kambo as CEO of Kambulo Ltd do before buying the new shares? Briefly explain by providing TWO points.	<input type="text"/> <b>4</b>
<b>5.2.1</b>	<b>(a)</b> Briefly explain why this audit report is addressed to the shareholders.	<input type="text"/> <b>3</b>
	<b>(b)</b> Briefly explain the significance of the reference to CA (SA).	<input type="text"/> <b>2</b>

	<p><b>(c)</b> Briefly explain how the firm of Trew &amp; Frank arrived at the opinion that they express in this report. Give TWO points.</p>	<input type="text"/> <b>4</b>
	<p><b>(d)</b> Should the shareholders be satisfied with this report? Explain.</p>	<input type="text"/> <b>3</b>
	<p><b>(e)</b> What action would be taken by professional bodies such as the SAICA if Trew &amp; Frank had been accused of being negligent in issuing this opinion? What consequences could there be for Trew &amp; Frank?</p>	<input type="text"/> <b>4</b>
<b>5.2.2</b>	<p><b>(a)</b> Has YB Goode been treated fairly by the judge and the company Felon Ltd? Briefly explain your reason.</p>	<input type="text"/> <b>4</b>

	<p>(b) If you were a major shareholder of Felon Ltd, what personal characteristics would you look for in appointing the CEO and other directors to prevent a similar problem in future? Give TWO points.</p>	<table border="1"> <tr><td></td></tr> <tr><td>4</td></tr> </table>		4
4				

5.2.3	<p>(a) Give an example of a company that has been complying with this aspect of the King Code. Briefly explain the contribution that this company is making to the community.</p>	<table border="1"> <tr><td></td></tr> <tr><td>3</td></tr> </table>		3
3				

	<p>(b) You heard a comment that companies should be primarily concerned about the interests of the shareholders, not the greater community. Explain why this opinion would not be supported in modern times.</p>	<table border="1"> <tr><td></td></tr> <tr><td>4</td></tr> </table>		4
4				

<b>MARKS</b>
<b>75</b>

**QUESTION 6**

<b>6.1</b>	What is meant by <i>value-added tax</i> and at what rate is VAT calculated?	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2																																				
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<b>6.2</b>	<p>Calculate the following:</p> <p>6.2.1 The VAT output amount from the CRJ</p> <p>6.2.2 The VAT input amount from the CPJ</p> <p>6.2.3 The VAT output amount from the DJ</p>	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td></tr> <tr><td style="text-align: center;">8</td></tr> </table>		8																																				
8																																								
<b>6.3</b>	<p>Indicate to Ivy how the VAT totals of the following journals will be posted to the General Ledger by completing the table. Some of the details have already been entered for you.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;">Journal</th> <th style="width: 25%;">Debit</th> <th style="width: 25%;">Credit</th> <th style="width: 35%;">Amount</th> </tr> </thead> <tbody> <tr> <td>CRJ</td> <td style="text-align: center;"><b>Bank</b></td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> </tr> <tr> <td>CPJ</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> </tr> <tr> <td>DJ</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> </tr> <tr> <td>DAJ</td> <td style="text-align: center;"><b>VAT output/control</b></td> <td style="text-align: center;"><b>Debtors' control</b></td> <td style="text-align: right;">R6 930</td> </tr> <tr> <td>CJ</td> <td style="text-align: center;"><b>VAT input/control</b></td> <td style="text-align: center;"><b>Creditors' control</b></td> <td style="text-align: right;">R58 170</td> </tr> <tr> <td>CAJ</td> <td style="text-align: center;"><b>Creditors' control</b></td> <td style="text-align: center;"><b>VAT input/control</b></td> <td style="text-align: right;">R7 210</td> </tr> <tr> <td>GJ</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> <td style="text-align: right;">R1 260</td> </tr> <tr> <td>GJ</td> <td style="text-align: center;">?</td> <td style="text-align: center;">?</td> <td style="text-align: right;">R560</td> </tr> </tbody> </table>	Journal	Debit	Credit	Amount	CRJ	<b>Bank</b>	?	?	CPJ	?	?	?	DJ	?	?	?	DAJ	<b>VAT output/control</b>	<b>Debtors' control</b>	R6 930	CJ	<b>VAT input/control</b>	<b>Creditors' control</b>	R58 170	CAJ	<b>Creditors' control</b>	<b>VAT input/control</b>	R7 210	GJ	?	?	R1 260	GJ	?	?	R560	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td></tr> <tr><td style="text-align: center;">12</td></tr> </table>		12
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<b>6.4</b>	Calculate the amount of VAT to be paid over to the SARS in respect of August 2008.	
<b>6.5</b>	Ivy does not have enough money in her bank account to pay SARS for the VAT. The bank balance is currently in overdraft at approximately R50 000. What advice would you offer her in order to: <ul style="list-style-type: none"><li>• Solve the problem now</li>         <li>• Solve the problem in the future</li></ul>	

<b>TOTAL</b>
<b>30</b>