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ACCOUNTING

GRADE 12

REVISION 2023

TERM 2

Workbook

Term 2 Revision:

- Inventory valuations
- Fixed Assets
- Cost Accounting/Manufacturing
- Reconciliations

TEST YOUR KNOWLEDGE

INVENTORY VALUATION

1.1			(3)
1.2			
1.3			
2.			(5)
3.1			(1)
3.2			(1)
			10

FIXED ASSETS

1.					(1)
2.	1.		2.		(2)
3.	1.	2.	3.		(3)
4.					(1)
					7

MANUFACTURING (Indicate T/F with a cross in the relevant blok)

1.1.	T	F		(2)
1.2	T	F		(1)
1.3	T	F		(1)
1.4	T	F		(2)
1.5	T	F		(2)
				8

RECONCILIATIONS

1	1.	2.	(2)
2.	1.	2.	(2)
3.			(1)
			5

TOTAL		30
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INVENTORY VALUATION

ACTIVITY 1

1.1 Calculate the following on 28 February 2019:

1.1.1 Value of closing stock

Workings	Answer

10

1.1.2 Gross profit for the year ended

Workings	Answer

5

1.2.1 Calculate the stock value on 28 February 2019 using the FIFO method.

Workings	Answer

7

1.2.2 Explain the effect on gross profit if the FIFO method is used.

2

- 1.2.3 As an internal auditor, explain the benefits of using the FIFO method to the owner and the accountant. State TWO points.

4

- 1.3 John Fortune feels that he was not able to achieve the targeted mark-up % for 2019.

Do (or perform) a calculation to confirm whether she is correct.

Workings	Answer

3

Provide TWO suggestions that can be implemented in order to improve profitability.

1.

2.

4

35

ACTIVITY 2**CABINETS**

2.1

Calculate the value of closing stock using FIFO.

Workings	Answer

6

2.2.1

Calculate the % mark-up achieved in 2019.

Workings	Answer

4

2.2.2

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

1.

2.

4

2.2.3

The CEO feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.

1.

2.

4

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

1.

2.

2

LAMPS

2.3

Calculate the stockholding period for lamps (use closing stock).

Workings	Answer

3

2.4

Calculate the number of missing lamps.

Workings	Answer

5

Give TWO suggestions to solve this problem.

1.

2.

4

TELEVISION SETS

2.5

Calculate the value of the closing stock of TV sets on 0 September 2019 using the specific identification method.

Workings	Answer
LYN: 	
KYA: 	

7

2.6

Explain THREE different concerns George would have about this problem.

6

45

ACTIVITY 3

Identify ONE problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer Ben advice on how to solve the problem.

	PROBLEM	ADVICE
MSB BRANCH		
APB BRANCH		

8

FIXED ASSETS**ACTIVITY 1**

1.1

**GENERAL LEDGER OF EASTEND STORE
ASSET DISPOSAL**

2018 Apr	20			2018 Apr	20		

12

1.2

Show the double entry in the general ledger for the replacement of the computers on 30 April 2018. Indicate the correct amount.

Account debited	Account credited	Amount

3

- 1.3 Explain how a fixed asset register will assist the internal auditor in controlling fixed assets.

--

2

- 1.4 Explain why an asset item may be shown at a carrying value of R1 in the Statement of Financial Position (Balance sheet).

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3

- 1.5 One of the office employees, Gill, knows that the insurance policy only covers theft if there is evidence of forced entry. She also saw Mike breaking the security gate of the office to make the incident look like forced entry. Gill is not sure whether Milly knows about this. What advice would you give Gill? Explain ONE point.

--

3

- 1.6 In order to solve their cash flow problems, Mike wants to sell a portion of the premises at cost price. Milly disagrees with him on this. Give one reason why you would support Milly in this regard.

--

2

25

ACTIVITY 2

2.1 Calculate the profit or loss on disposal of the computer on 31 August 2018.

--

6

2.2 Calculate the total depreciation for the year.

--

9

2.3 Suggest ONE internal control measure that the internal auditor can perform to verify the tangible assets figure in the Statement of Financial Position.

--

2

17

ACTIVITY 3

3.1 Calculate the cost of new delivery vehicles purchased for the Cash Flow Statement

	Answer:
--	---------

6

Calculate:

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

5

2

4

11

ACTIVITY 5**5.1 FIXED ASSET REGISTER**

Item <i>Delivery vehicle</i>	Model <i>Ford V 800</i>	Registration number <i>BBC 200 GP</i>	
Bought from <i>Hatfield Auto</i>	Date bought <i>1 April 2017</i>	Cost price <i>R120 000</i>	
Method of depreciation <i>Diminishing balance-method</i>		Rate of depreciation <i>20% p.a.</i>	
Date sold: <i>1 September 2019</i>		Sold to: <i>Stolen</i>	
Selling price:		Profit/Loss on disposal:	
Depreciation history			
Date	Current depreciation	Accumulated depreciation	Carrying value
28 Feb. 2018			
28 Feb. 2019			
1 Sept. 2019			

16

16

5.2 Calculate the amount that the insurance company will pay out.

3

5.3 Give two security measures which Universal Traders can install to prevent theft of assets

4

MANUFACTURING (Cost Accounting)

ACTIVITY 1

1.1 DESKS FACTORY

1.1.1 Factory Overhead Cost Note

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

8

1.1.2 Calculate the total cost of production of finished goods.

Calculate the total cost of production of finished goods.	
Workings	Answer

6

1.1.3 Sihle wants to produce an additional 1 500 desks. Calculate the additional profit he can expect.

[illegible]

1.2 CHAIRS FACTORY

1.2.1 Provide a calculation to confirm the break-even point for 2019.

Workings		Answer

4

1.2.2

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

--

4

1.2.3

Sihle feels that wood raw material was not well controlled. Provide a calculation.

--

4

Identify TWO possible causes of this problem. Provide a solution for EACH.

	POSSIBLE CAUSES	SOLUTION FOR EACH
Cause 1		
Cause 2		

4

1.2.4

Give TWO reasons for the increase in direct labour cost. Provide a solution for EACH.

	REASONS	SOLUTION FOR EACH
Reason 1		
Reason 2		

4

40

ACTIVITY 2 MANUFACTURING

2.1.1 Calculate: Direct Material costs

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7

2.1.2 Factory overhead costs

Total before adjustments	536 025

15

2.1.3 Production Cost Statement for the year ended on 30 June 2019

Direct Labour	465 000
Prime cost	
Work in process at the beginning of the year	181 410
Cost of production of finished goods	

8

2.2.1 Explain to the owner why it is important to calculate the break-even point each year. Provide TWO reasons.

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4

- 2.2.2 Provide workings to show that the break-even point of 1 912 units on 28 February 2019 was correctly calculated.

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3

- 2.2.3 Explain why Zonke should not be concerned over the break-even point for 2019. Quote figures to support your answer.

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3

40

ACTIVITY 3 MANUFACTURING

- 3.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019

Direct material cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
Total cost of production	

13

3.2

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT) FOR THE YEAR ENDED 28 FEBRUARY 2019	
Sales	8 160 000
Cost of sales	

12

25

RECONCILIATIONS

ACTIVITY 1 DEBTORS RECONCILIATION

1.1

State the balance of the Debtors Control account in the General Ledger on 31 May 2019.

2

1.2

Which debtor in the age analysis may receive discount? Motivate your answer with one reason.

Debtor:

One Reason:

3

1.3

Explain the term '*Credit Limit*' used in the age analysis.

2

1.4

S. Solly and P. Peter are not honouring the credit terms for debtors. Suggest ONE internal control measure to address this situation.

--

2

1.5

Calculate the amount for the provision for bad debts on 31 May 2019.

--

3

1.6

Creditors List on 31 May 2019

Mjila Wholesalers	
Stan Stores	

9

1.7

What is your opinion about the credit terms allowed to debtors with regards to the terms Nissen Traders are allowed by their creditors? Make ONE recommendation in this regard.

Opinion:
Recommendation:

4

25

ACTIVITY 2 CREDITORS RECONCILIATION

2.1

Provide TWO reasons why it is important for the business to prepare a monthly Creditors' Reconciliation Statement.

4

2.2

Calculate the correct Creditors' Control Account balance after taking into account the relevant errors and omissions.

6

2.3

Calculate the correct balances for creditors Zebo Suppliers and Leo Wholesalers, list by taking into account the errors and omissions.

Creditor	Workings	Balance
Zebo Suppliers		
Leo Wholesalers		

10

20

ACTIVITY 3 CREDITORS' RECONCILIATION

	Creditors' Ledger	Creditors' Reconciliation Statement
Balance	28 370	25 300
A		
B		
C		
D		
E		

9

ACTIVITY 4 BANK RECONCILIATION**4.1.1 State THREE advantages of EFTs.**

Advantage 1	
Advantage 2	
Advantage 3	

3

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

Explain TWO reasons why the internal auditor was concerned about this.	
Reason 1	
Reason 2	

4

4.2

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

4.3

Calculate: Bank Account balance	
Workings	Answer

4.4

BANK RECONCILIATION STATEMENT ON 30 JUNE 2019		
<i>(Always insert Dr & CR headings)</i>		

8

30