



**Western Cape
Government**

Education

**Directorate:
Curriculum FET**

**2014 Telematics
Grade 12**

**Accounting
Term 1**

Price: R6,50

Dear Grade 12 Accounting learner

Welcome to the Telematics project. This programme will support your revision and study programme in preparation for your final Grade 12 Accounting examination.

This is an opportunity for you to consolidate what you have been taught in class. Please make use of this opportunity by attending each session. The presenters will not necessarily address all the content areas – they will however focus on more challenging topics in the curriculum in order to improve your understanding thereof.

Tips for success in Accounting

In order to succeed in Accounting you need to take heed of the following:

- Start working from day 1
- Pay careful attention in class to ensure that you understand
- Complete Accounting homework/exercises daily
PRACTICE...PRACTICE...PRACTICE
- Work neatly and accurately
- Show calculations in brackets
- Read instructions to questions/activities carefully to ensure you know what is being asked
- Complete tasks and assessment activities including tests diligently as if preparing for your final examination
- Use past examination papers and tests for revision
- Refine your examination technique: when you revise, choose questions that will extend you in your weaker areas. Use the time allocations provided in the question to judge whether you are completing the question in the time available.

All the best with your Grade 12 school year.

Glynis Schreuder
Senior Curriculum Planner: Accounting

ACCOUNTING TIME TABLE – GRADE 12 (Term 1)

<i>Date</i>	<i>Topic</i>	<i>By the end of this lesson you should know:</i>
Monday 24 February 16:00 – 17:00	Companies <ul style="list-style-type: none"> ▪ General ledger 	How to record transactions in the General Ledger. These include: <ul style="list-style-type: none"> ▪ Issue of shares ▪ Buy-back of shares ▪ Provisional tax payments ▪ Interim and final dividends
Thursday 13 March 16:00 – 17:00	Companies <ul style="list-style-type: none"> ▪ Cash Flow Statement 	<ul style="list-style-type: none"> ▪ The purpose of preparing a Cash Flow Statement ▪ Where to find the information in order to prepare a Cash Flow Statement ▪ The three types of activities reflected in a Cash Flow Statement ▪ Where to find the information ▪ How to use the information ▪ How to prepare sections of a Cash Flow Statement

COMPANIES

The purpose of preparing a Cash Flow Statement	
The three types of activities reflected in a Cash Flow Statement	
The purpose of preparing an Income Statement	
The purpose of preparing a Balance Sheet	

Activity 1

You are provided with information relating to Kromboom Ltd who has an authorised share capital of 1 000 000 shares.

REQUIRED:

- 1.1 Use the given information to prepare the following accounts in the General ledger for the accounting period ended 31 August 2013.
 - 1.1.1 Ordinary share capital
 - 1.1.2 Retained income
 - 1.1.3 SARS (Income tax)
 - 1.1.4 Shareholders for dividends
 - 1.1.5 Dividends on ordinary shares
 - 1.1.6 Appropriation account
- 1.2 Prepare the following notes to the Balance Sheet
 - 1.2.1 Ordinary share capital
 - 1.2.2 Retained income

INFORMATION:

- 1 Sep 2012 The following balances appeared in the ledger:
- | | |
|---|-------------|
| Ordinary share capital (500 000 shares) | R1 500 000 |
| Retained income | 5 260 000 |
| SARS (Income tax) | 70 000 (Cr) |
| Shareholders for dividends | 325 000 |
- 14 Sep 2012 The amounts due to SARS and the shareholders were paid.
- 20 Jan 2013 The company paid a provisional tax of R420 000 and interim dividends of 75 cents per share.
- 1 March 2013 The company issued a further 100 000 ordinary shares at R15,00 each. The proceeds of the issue were received.
- 18 July 2013 One of the shareholders passed away. The directors decided to buy back his 180 000 shares at R20,00 per share. A direct transfer was put through for this.
- 31 Aug 2013 At the end of the accounting period, the company made a second provisional tax payment of R485 000 and the directors declared a final dividends of 160 cents per share. All shareholders at this date were eligible for this final dividend.
- 31 Aug 2013 The net income according to the profit and loss account was R2 900 000. Income tax is calculated at 30% of the net income.

Activity 2

You are provided with information relating to Tuscany Ltd who has an authorised share capital of 5 000 000 shares.

REQUIRED:

2.1 Use the following information to prepare the following accounts in the General ledger for the accounting period ended 31 December 2013.

- 2.1.1 Ordinary share capital
- 2.1.2 Retained income
- 2.1.3 SARS (Income tax)
- 2.1.4 Shareholders for dividends
- 2.1.5 Dividends on ordinary shares
- 2.1.6 Appropriation account

2.2 Prepare the following notes to the Balance Sheet

- 2.2.1 Ordinary share capital
- 2.2.2 Retained income

INFORMATION:

- 1 Jan 2013 The following balances appeared in the ledger:
- | | |
|---|-------------|
| Ordinary share capital (2 400 000 shares) | R4 800 000 |
| Retained income | 960 000 |
| SARS (Income tax) | 16 500 (Cr) |
| Shareholders for dividends | 210 000 |
- 1 Jan 2013 The company issued a further 1 350 000 shares at R4,50 each. The proceeds of the issue were deposited.
- 15 Jan 2013 The amounts due to SARS and the shareholders were paid.
- 30 March 2013 The company paid a provisional tax of R345 000 and interim dividends of 22 cents per share.
- 31 Oct 2013 The company made a second provisional tax payment of R570 000.
- 15 Nov 2013 The directors decided to repurchase 300 000 shares from a disgruntled shareholder at R4,20 per share. A cheque was issued to him.
- 31 Dec 2013 At the end of the financial period the directors declared a final dividend of 33 cents per share.
The net income before tax for the year was calculated at R2 950 000. Income tax is calculated at 30% of the net profit before tax.

Activity 3

You are provided with information relating to Derby Ltd.

REQUIRED:

- 3.1 Complete the note for reconciliation between profit before taxation and cash generated from operations.
- 3.2 Complete the Cash Flow Statement for the year ended 31 December 2013

INFORMATION:

DERBY LTD BALANCE SHEET ON 31 DECEMBER 2013

ASSETS		2013	2012
Non-current assets		4 140 000	2 760 000
Fixed assets		3 552 000	2 532 000
Financial assets		588 000	228 000
Current assets		1 740 000	1 804 800
Inventories		1 094 400	1 392 000
Trade and other receivables		156 000	324 000
Cash and cash equivalents		489 600	88 800
TOTAL ASSETS		5 880 000	4 564 800
SHAREHOLDERS' EQUITY AND LIABILITIES			
Ordinary shareholders' equity		3 993 600	2 142 800
Ordinary share capital		2 556 000	1 440 000
Retained income		1 437 600	702 800
Non-current liabilities		804 000	960 000
Loan from Hero Bank		804 000	960 000
Current liabilities		1 082 400	1 432 000
Trade and other payables		1 082 400	1 432 000
TOTAL EQUITY AND LIABILITIES		5 880 000	4 564 800

NOTES TO FINANCIAL STATEMENTS

1.	TRADE AND OTHER RECEIVABLES	2013	2012
	Trade debtors	121 200	312 000
	Income receivable	4 800	12 000
	SARS (Income tax)	30 000	0
		156 000	324 000
2.	CASH AND CASH EQUIVALENTS		
	Cash in bank	453 600	72 800
	Cash float	24 000	16 000
	Petty cash	12 000	0
		489 600	88 800
3.	TRADE AND OTHER PAYABLES		
	Trade creditors	310 800	778 000
	Income received in advance	18 000	84 000
	Shareholders for dividends	753 600	432 000
	SARS (Income tax)	0	168 000
		1 082 400	1 462 000

Additional information

1. The net profit before tax is R2 480 160.
2. Income tax for the year amounted to R692 000
3. Dividends for the 2013 financial year consisted of:
 - Interim dividends R263 760
 - Final dividends R753 600
4. Depreciation for the year as in the Income Statement R348 000
5. Derby Ltd paid R27 360 per month to Club Bank which included interest and loan repayments. Interest is capitalised to the loan.
6. A vehicle was sold at book value:
 - Cost price R226 000
 - Accumulated depreciation R152 000
7. Details of share capital
 - The authorised share capital comprised of 3 000 000 shares
 - On 1 January 2013 there were 360 000 ordinary shares in issue. On this same day the directors decided to repurchase 36 000 ordinary shares from a disgruntled shareholder at a price of 500 cents per share.
 - On 31 December 2013 the company issued 150 000 new shares at a price of 840 cents each.

Activity 4

You are provided with an incomplete Cash Flow Statement of HILLSIDE LTD. You are required to provide the missing figures denoted (a) to (o).

HILLSIDE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Cash effects of operating activities	a
Cash generated from operations	b
Interest paid	c
Dividends paid	d
Income tax paid	(115 400)
Cash effects of investing activities	e
Purchase of non-current assets	f
Sale of non-current assets	28 800
Changes in financial assets	g
Cash effects of financing activities	h
Proceeds of shares issued	i
Repayment of long term loans	(200 000)
Net change in cash and cash equivalents	j
Cash and cash equivalents – beginning of year	232 000
Cash and cash equivalents – end of year	184 000



**Western Cape
Government**

Education

**Directorate:
Curriculum FET**

**2014 Telematics
Grade 12**

**Accounting
Term 2 and 3**

Dear Grade 12 Accounting learner

During the first term the presenters of this programme dealt with Companies and in particular the recording of transactions relating to the issue and repurchase of shares, dividends and income tax; and the preparation of the Cash Flow Statement.

During the next two sessions the presenters will deal with Inventories, Reconciliations and Manufacturing. They will only cover some aspects in these important topics. You are encouraged to work through the questions provided in this resource and to ensure that you understand the concepts dealt with. This programme will support your revision and study programme in preparation for your final Grade 12 Accounting examination.

This is an opportunity for you to consolidate what you have been taught in class. Please make use of this opportunity by attending each session.

Tips for success in Accounting

In order to succeed in Accounting you need to take heed of the following:

- Pay careful attention in class to ensure that you understand
- Complete Accounting homework/exercises daily
PRACTICE...PRACTICE...PRACTICE
- Work neatly and accurately
- Show calculations in brackets
- Read instructions to questions/activities carefully to ensure you know what is being asked
- Complete tasks and assessment activities including tests diligently as if preparing for your final examination
- Use past examination papers and tests for revision
- Refine your examination technique: when you revise, choose questions that will extend you in your weaker areas. Use the time allocations provided in the question to judge whether you are completing the question in the time available.

All the best with your revision and preparation for the final examination.

Glynis Schreuder
Senior Curriculum Planner: Accounting

TELEMATIC TEACHING - 2014

ACCOUNTING TIME TABLE – GRADE 12

Date	Time	Topic	By the end of this lesson you should know:
Wednesday 14 May	16:00 – 17:00	Inventory systems <ul style="list-style-type: none"> ▪ Validate and calculate inventories ▪ First-in-first out (FIFO) method ▪ Weighted average method ▪ Specific identification method 	<ul style="list-style-type: none"> ▪ The difference between the perpetual inventory system and the periodic inventory system ▪ The difference between FIFO, weighted average and specific identification methods ▪ How to value inventories using the FIFO method and weighted average methods ▪ Calculate and interpret financial indicators related to inventories
Wednesday 4 June	16:00 – 17:00	Reconciliations Analysis and interpretation of bank, debtors' and creditors' reconciliations <ul style="list-style-type: none"> ▪ Reconcile creditors' statements with their personal accounts ▪ Reconcile debtors' and creditors' lists with control accounts ▪ Analyse and interpret debtors' age analysis ▪ Analyse and interpret bank statements and bank reconciliation statements 	<ul style="list-style-type: none"> ▪ How to reconcile the creditors' account in Creditors' Ledger with the statement received from the creditor

Date		Time	Topic	By the end of this lesson you should know:
Friday 1 August	Accounting	16:00 – 17:00	Manufacturing <ul style="list-style-type: none"> ▪ Prepare Production Cost Statement with notes ▪ Calculation of variable and fixed costs ▪ Calculation of costs per unit ▪ Calculation and interpretation of break-even point 	<ul style="list-style-type: none"> ▪ How to prepare a Production Cost Statement with notes ▪ How to calculate and interpret break-even point ▪ How to calculate and interpret unit costs

TELEMATICS TEACHING 2014

INVENTORY SYSTEMS	
Perpetual inventory system	
Periodic inventory system	
Stock valuation methods	
FIFO method	
Weighted average method	
Specific identification method	
Financial indicators related to inventories	

Activity 1

You are provided with information relating to Gary's Golf Ball Shop for the year ended 28 February 2014. The Golf balls are imported and all are identical. The business uses the periodic stock system.

Information:	Number of balls	Cost price	Carriage inwards	Total
Golf balls on hand on 1 March 2013	250	R16,00	R2,00	R 4 500
Purchases:	25 000			R571 200
Purchased on 15 March 2013	1 000	R16,00	R2,00	R18 000
Purchased on 27 April 2013	6 000	R16,50	R2,00	R111 000
Purchased on 12 August 2013	9 000	R20,00	R2,50	R202 500
Purchased on 18 January 2014	7 000	R21,00	R3,90	R174 300
Purchased on 22 February 2014	2 000	R28,00	R4,70	R65 400
Golf balls on hand on 28 February 2014	2 450			?
Sales during the year	?			R738 720

Required:

- 1.1 Calculate the following using the FIFO method of valuing stock:
 - The value of the closing stock on 28 February 2014
 - The cost of sales
 - The gross profit
- 1.2 Calculate the following using the weighted average method of valuing stock:
 - The value of the closing stock on 28 February 2014
 - The cost of sales
 - The gross profit
- 1.3 Calculate the following based on the FIFO method of valuing stock:
 - Mark up % achieved
 - Stock turnover rate
 - Stock holding period
- 1.4 Calculate the following based on the weighted average method of valuing stock:
 - Mark up % achieved
 - Stock turnover rate
 - Stock holding period
- 1.5 Prepare the Trading account in the Final Accounts Section of the General Ledger of Gary's Golf Ball Shop. Use the closing stock value based on the FIFO method.

Activity 2

You are provided with information relating to Protea Traders, owned by Deon de Villiers, for the financial year ended 28 February 2014. The business is situated in Cape Town.

Deon buys and sells cricket balls and jerseys. The business uses the periodic inventory system.

The cricket balls are bought from South African suppliers, and the cricket bats of different clubs and countries are imported from overseas.

Deon employs salespersons to control each item of stock:

- Jack controls and sells the cricket balls
- Charl controls and sells the cricket bats

Deon has decided on the following accounting policies for valuing inventory:

- Cricket balls – Weighted-average method
- Cricket bats – First-in-first-out method (FIFO)

REQUIRED:

- 2.1 Although this business has done well, Deon is considering closing it down and investing his capital in fixed property. State TWO points that he should consider before making a final decision. (4)
- 2.2 Deon suspects that a number of cricket balls have been shoplifted. Calculate the number of balls stolen. (5)
- 2.3 Use the relevant information to calculate the closing stock value of:
- Cricket balls (using the weighted-average method) (6)
 - Cricket bats (using the FIFO method) (5)
- Show your workings to earn part-marks.
- 2.4 Calculate the following for cricket bats (you may prepare a Trading Account to calculate these figures):
- Cost of sales (4)
 - Mark-up % on cost (5)
 - Stock turnover rate (5)
- 2.5 If Deon decides to continue with this business, what advice would you offer him? State TWO points and quote financial indicators or specific information from the question to support your answer. (6)

INFORMATION:**1. Inventories:**

The stocks were valued as follows at the beginning and end of the financial year:

Date	Cricket balls			Cricket bats		
	No. of units	Per unit	Total value	No. of units	Per unit	Total value
01/03/2013	1 200	R120	R144 000	520	R320	R166 400
28/02/2014	900	?	?	250	?	?

2. Purchases:

During the financial year ended 28 February 2012, the following stock items were purchased:

Date of purchases	Cricket balls			Cricket bats		
	No. of units	Per unit	Total value	No. of units	Per unit	Total value
31/03/2013	1 300	R120	R156 000	400	R200	R 80 000
30/06/2013	900	R150	R135 000	600	R225	R135 000
30/09/2013	1 000	R175	R175 000	1 400	R255	R357 000
02/01/2014	200	R180	R 36 000	100	R300	R 30 000
Totals	3 400		R502 000	2 500		R602 000

3. Carriage on purchases:

During the year, the business paid a total of R30 200 to transport cricket balls to the shop. The price of the cricket bats includes carriage.

4. Sales:

Items	Details	Total
Cricket balls	3 500 units at R320 each	R1 120 000
Cricket bats	2 770 units at R400 each	R1 108 000

5. Financial indicators:

Items	Mark-up % on cost	Stock turnover rate
Cricket balls	48,5%	3,9 times p.a.
Cricket bats	?	? times p.a.

Activity 3

Problem-solving

You are provided with information relating to Fitt World for the year ended 28 February 2014. The business is owned by Fiona Fitt. They sell energy drinks, energy bars and T-shirts to retailers. Fiona employs Cheryl to manage the energy drinks, Kelly to manage the energy bars and Tiffany to manage the T-shirts.

Fiona is concerned that her business could have been operating a lot more efficiently. She approaches you for advice.

REQUIRED:

Identify a problem in respect of the manner in which Cheryl, Kelly and Tiffany have been managing their products. Quote figures or financial indicators to support your answer. Give Fiona ONE suggestion in respect of each product in order to address the problem identified in order to improve the overall financial results.

Manager	Cheryl		Kelly		Tiffany	
Product	Energy drinks		Energy bars		T-shirts	
Working days per year	240 days		240 days		240 days	
Days worked by manager	240 days		330 days		180 days	
Orders received	2 700 units		28 000 units		7 000 units	
	Units	Amount	Units	Amount	Units	Amount
Sales	2 700	R52 650	28 000	R224 000	3 500	R73 500
Opening stock	320	R2 880	400	R2 400	300	R4 500
Purchases	4 800	R58 560	31 800	R201 000	3 200	R48 000
Closing stock	2 400	?	200	R1 263	0	R 0
Units written off	20	R210	?	?	0	R 0
Gross profit		?		R45 863		R21 000
Mark-up %		?		25,7%		40,0%
Turnover rate of stock		?		97 times		23 times
Period of stock on hand		177 days		4 days		16 days

(18)

Activity 4

Joshua Gibbons purchases goods on credit from Rajan Traders.

REQUIRED:

Prepare the Creditors Reconciliation Statement in the books of Joshua on 31 May 2013.

INFORMATION:

On the 31 May 2013 the following account of Rajan Traders appeared in the Creditors ledger of Joshua.

Creditors Ledger of Joshua

Rajan Traders						FOL: CL5
Date				DR	CR	Balance
2013						
May	1	Account rendered	B/D			11 000 Cr
	4	Cheque 1234	CPJ5	10 450		550
		Discount received	CPJ5	550		0
	10	Invoice 1140	CJ5		8 400	8 400
	16	Debit Note 56	CAJ5	2 600		5 800
	31	Invoice 1296	CJ5		1 200	7 000
		Cheque 1335	CPJ5	5 800		1 200

Joshua received the following monthly statement by post from Rajan Traders on 2 June 2013:

Statement of Account														
<table border="1" style="width: 100%;"> <tr> <td style="width: 15%;">Tel</td> <td>031-267 1551</td> </tr> <tr> <td>Fax</td> <td>031-267 1600</td> </tr> </table>		Tel	031-267 1551	Fax	031-267 1600	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Customers Details:</td> </tr> <tr> <td>Account No: 111 Joshua Gibbons P.O. Box 1019 Westville 3631</td> </tr> </table>			Customers Details:	Account No: 111 Joshua Gibbons P.O. Box 1019 Westville 3631	<table border="1" style="width: 100%;"> <tr> <td style="text-align: center;">Rajan Traders 23 Valley View Road Pinetown 3610</td> </tr> <tr> <td style="text-align: center;">Date: 25 May 2013</td> </tr> </table>		Rajan Traders 23 Valley View Road Pinetown 3610	Date: 25 May 2013
Tel	031-267 1551													
Fax	031-267 1600													
Customers Details:														
Account No: 111 Joshua Gibbons P.O. Box 1019 Westville 3631														
Rajan Traders 23 Valley View Road Pinetown 3610														
Date: 25 May 2013														
Date			DR	CR	Balance									
May 10	1	Accounts rendered			11 000 Cr									
	4	Payment – Cheque No: 1234		10 450	550									
	10	Purchases – Invoice 1140	7 560		8 110									
	16	Returns – Debit Note No: 56	2 600		10 710									
	19	Purchases – Invoice 1182	1 000		11 710									
<p>NOTE: This statement includes all purchases and payments up to and including the 25th of the current month.</p>														

When comparing the Creditors Ledger against the statement of account the following differences were noted:

- 1 Rajan Traders forgot to record the discount for early settlement of account by Joshua on 4th May 2013.
- 2 Invoice No. 1182 shown on the statement of account on 19th May 2013 was in fact for purchases made by Polo Traders (not Joshua).
- 3 Rajan Traders granted Joshua a trade discount of 10% on invoice no 1140.
- 4 Rajan Traders made an error in the processing of debit note no 56.

All other entries in the Creditors Ledger and on the statement of account were correct.

Activity 5

Siengo Traders purchases goods on credit from Mighty Suppliers. The statement received from Mighty Suppliers dated 25 February 2014 reflects that Siengo Traders owes them R111 300. The Creditors Ledger in the books of Siengo Traders reflects that they owe Mighty Suppliers R71 710.

REQUIRED:

Use the table below to indicate how the differences between the Creditors Statement and the Creditors Ledger would be handled in order to calculate the correct balance at the end of the month. Use a '+' or a '-' to indicate whether the figure would be added or subtracted.

INFORMATION

On investigation the following were discovered:

1. A cheque payment of R25 200 was not reflected on the statement. It was discovered that this was a payment by Siengo Traders to Smallfry Suppliers.
2. Invoice F89 for R63 000 dated 27 February was not reflected on the statement received from Mighty Suppliers.
3. Invoice F102 appeared on the statement as R2 080 This amount was entered in the Creditors' Journal as R2 800. The statement is correct.
4. A cheque payment of R54 720 to Mighty Suppliers dated 28 February 2014 was not reflected on their statement. Siengo Traders are entitled to a 5% settlement discount. Siengo Traders deducted the 5% from the amount settled before making out the cheque.
5. The bookkeeper of Siengo Traders made a posting error to the account in the creditors' ledger. A debit note on 4 February of R660 was treated as a credit instead of a debit.
6. Invoice F233 for R19 800 dated 6 February was reflected on the statement but not in the books of Siengo Traders. On investigation it appears that Mighty Suppliers have made the error. The goods were sold to one of their other customers.
7. Siengo Traders returned goods to the value of R2 030 per debit note DN125 dated 27 February 2014 but this was not reflected on the statement.

Activity 6

Glen Tables Manufacturers produce wooden dining-room tables. The business is owned by Glen Mabaso.

REQUIRED:

- 6.1 Refer to Information H below. Calculate the Direct Labour Cost for the month.
- 6.2 Prepare the Production Cost Statement for the month ended 31 July 2013, with a separate note for Factory Overhead Cost. Show ALL other workings in brackets.
- 6.3 Calculate the unit cost of the production of 410 completed tables (finished goods) for July 2013.
- 6.4 Glen is concerned about the control over certain costs. Direct materials account for more than 40% of the cost of one table, while direct labour accounts for more than 30%. Glen wants your advice.
 - Make TWO suggestions on how to improve efficiency in the use of direct materials.
 - Make TWO suggestions on how to improve the efficiency of the direct labourers.

INFORMATION FOR JULY 2013:

- A. Stocks on hand at the beginning and end of the month.

	1 July 2013	31 July 2013
Raw materials stock	R40 000	R65 000
Work-in-progress	R55 000	R40 000
Finished goods	Nil	Nil
Indirect materials	Nil	Nil

- B. Raw materials purchased on credit, R180 000
- C. Depreciation is as follows:
 - Factory plant, R7 400
 - Office equipment, R2 400
- D. Factory maintenance paid in July, R8 000. A further amount of R3 500 is owed for repairs to a machine.
- E. Electricity and water paid amount to R4 600 for July. The administration office uses 10% of this and the factory uses the rest.
- F. Rent and insurance are allocated between the factory and the administration office on the basis of floor area. The factory comprises 630 square metres, while the office comprises 270 square metres. The **monthly** rent for the entire premises is R30 000. The **annual** insurance premium is R43 200.

- G. Indirect materials bought for cash, R20 000. There was no stock of indirect materials on hand at the end of the month. The factory uses 75% of these materials, while the office uses the rest.
- H. **Direct labour and production:**
The 15 factory workers who make the tables each work 9 hours per day. The normal rate is R36 per hour per person.
- There were normally 20 working days in a month. However, due to power cuts, the factory could operate for only 14 week days in July 2013.
- In order to make up for lost time, the 15 factory workers each worked 45 hours overtime on weekends. The overtime rate is double the normal rate.
- However, they were unable to meet their target production of 450 tables per month. They managed to complete 410 tables. The break-even point is 320 tables.
- I. **Other salaries and wages comprise:**
- The factory cleaner earns R2 600 per month
 - The factory foreman earns R15 000 per month. The bookkeeper had forgotten to process the foreman's pension. The employees' pension deduction is 7% and the employer's contribution is 10%. The contributions are added to the salaries account.
 - The administration staff earn R13 000 per month in total.
- J. The **selling price of each table** is set at cost of production plus R500 gross profit per table.
- K. The two salespersons work from home on a commission basis. The business incurs no fixed costs in this regard.



**Western Cape
Government**

Education

**Directorate:
Curriculum FET**

**2014 Telematics
Grade 12**

**Accounting
Workbook**

Term 1

Activity 1

GENERAL LEDGER OF KROMBOOM LTD

1.1.1 Ordinary share capital

1.1.2 Retained income

1.1.3 SARS (Income tax)

1.1.4

Shareholders for dividends

1.1.5

Dividends on ordinary shares

1.1.6

Appropriation account

1.2 KROMBOOM LTD

NOTES TO THE BALANCE SHEET

RETAINED INCOME

Balance at beginning of year	
Net profit after tax	
Repurchase of 100 000 ordinary shares	
Dividends	
Paid	
Recommended	
Balance at end of year	

ORDINARY SHARE CAPITAL

Authorised	
Issued	

Activity 2

GENERAL LEDGER OF TUSCANY LTD

2.1.1 Ordinary share capital

2.1.2 Retained income

2.1.3 SARS (Income tax)

2.1.4

Shareholders for dividends

2.1.5

Dividends on ordinary shares

2.1.6

Appropriation account

2.2 TUSCANY LTD

NOTES TO THE BALANCE SHEET

RETAINED INCOME

ORDINARY SHARE CAPITAL

Authorised	
Issued	

Activity 3

DERBY LTD

3.1

RECONCILIATION BETWEEN NET PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS

Net profit before tax	
Operating profit before changes in working capital	
Cash effects of changes in working capital	
Change in inventory	
Cash generated from operations	

3.2

DERBY LIMITED	
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013	
Cash effects of operating activities	
Cash generated from operations	
Cash effects of investing activities	
Purchase of fixed assets	
Cash effects of financing activities	
Proceeds of issue of shares	
Repayment of long-term loan	
Net change in cash and cash equivalents	
Cash and cash equivalents – beginning of year	
Cash and cash equivalents – end of year	

Activity 4

You are provided with an incomplete Cash Flow Statement of HILLSIDE LTD. You are required to provide the missing figures denoted (a) to (o).

HILLSIDE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Cash effects of operating activities	a
Cash generated from operations	b
Interest paid	c
Dividends paid	d
Income tax paid	(115 400)
Cash effects of investing activities	e
Purchase of non-current assets	f
Sale of non-current assets	28 800
Changes in financial assets	g
Cash effects of financing activities	h
Proceeds of shares issued	i
Repayment of long term loans	(200 000)
Net change in cash and cash equivalents	j
Cash and cash equivalents – beginning of year	232 000
Cash and cash equivalents – end of year	184 000

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Reconciliation between net profit before tax and cash generated from operations	
Net profit before tax	k
Adjustments in respect of:	
Interest expense	l
Depreciation	96 320
Operating profit before changes in working capital	m
Cash effects of changes in working capital	n
Change in inventory	(80 000)
Change in debtors	68 000
Change in creditors	76 000
Cash generated from operations	o

Calculations:



**Western Cape
Government**

Education

**Directorate:
Curriculum FET**

**2014 Telematics
Grade 12**

**Accounting
Workbook**

Term 2 and 3

Activity 1

1.1	FIFO method	1.2 Weighted average method
	Calculate the value of the closing stock.	Calculate the value of the closing stock.
	Calculate the cost of sales.	Calculate the cost of sales.
	Calculate the gross profit	Calculate the gross profit

1.3	FIFO method	1.4 Weighted average method
	Calculate the mark up % achieved	Calculate the mark up % achieved
	Calculate the stock turnover rate	Calculate the stock turnover rate
	Calculate the stock holding period	Calculate the stock holding period

1.5 Trading account

Activity 2

2.1

Although this business has done well, Deon is considering closing it down and investing his capital in fixed property. State TWO points that he should consider before making a final decision.

2.2

Deon suspects that a number of cricket balls have been shoplifted. Calculate the number of balls stolen.

2.3

Use the relevant information to calculate the closing stock value of:

- Cricket balls (using the weighted-average method)

- Cricket bats (using the FIFO method)

2.4

Calculate the following for cricket bats (you may prepare a Trading Account to calculate these figures):

- **Cost of sales**

- **Mark-up % on cost**

- **Stock turnover rate**

2.5

If Deon decides to continue with this business, what advice would you offer him? State TWO points and quote financial indicators or specific information from the question to support your answer.

Activity 3

Product	Problem identified	Suggestions
Energy drinks		
Energy bars		
T-shirts		

Activity 4

CREDITORS RECONCILIATION STATEMENT

		JOSHUA	RAJAN TRADERS	EXPLANATION
	Balance	1 200	11 710	

Activity 5

Use the following table:

	Creditors Ledger of Siengo Traders	Statement from Extra Suppliers
Balances	R71 710	R111 300
1		
2		
3		
4		
5		
6		
7		
Balances		

6.3

Calculate the unit cost of the production of 410 completed tables (finished goods) for July 2013.

6.4

Glen is concerned about the control over certain costs. Direct materials account for more than 40% of the cost of one table, while direct labour accounts for more than 30%. Glen wants your advice.

Make TWO suggestions on how to improve efficiency in the use of direct materials.

Make TWO suggestions on how to improve the efficiency of the direct labourers.

Activity 7

7.1 Provide the missing figures or details denoted by (a), (b), (c) and (d) in the table above.

(a)	
(b)	
(c)	
(d)	

7.2.1 Calculate the unit cost of production per jersey

7.2.2 Calculate the variable costs per jersey

7.2.3 Calculate the break-even point

7.3 Fillmore produced 30 000 jerseys in 2012. Should he be satisfied with the level of production in 2013? Briefly explain quoting figures to support your answer

7.4

Fillmore wants to control his costs better in future. He has compared the unit costs for the past two years. Which two costs should he focus on, what have been the likely causes of the changes in these costs and what should he do to rectify the situation? Quote figures to support your answer

Cost to focus on and figures	Cause of change	Action to rectify situation