

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY ANSWER BOOK**

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 01-05 June 2020 |
| **TOPIC** | **INVENTORY VALUATIONS, FIXED ASSETS AND RECONCILIATIONS** |  **Term 2&3** |
| **TIME ALLOCATION** | **1 Hour** | **TIPS TO KEEP HEALTHY**1. **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%.2. **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people.3. **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use.4. **TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick. 5. **STAY AT HOME.**  |
| **INSTRUCTIONS** | **See Required**  |

**QUESTION 1: INVENTORY VALUATION AND PROBLEM-SOLVING**

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| **1.1** | **INVENTORY CALCULATIONS** |  |
| **1.1.1** | **Calculate the number of hats on-hand on 28 February 2017, the financial year-end.** |  |
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| **1.1.2** | **Calculate the following using the weighted average method:**  |  |
|  | **Value of the final stock on-hand on 28 February 2017**  |

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|  | **Gross profit**  |  |
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| **1.1.3** | **The owner wants to alternate between using the weighted average method and the First-In-First-Out (FIFO) method, depending on which will result in a higher profits.** |  |
|  | **Calculate the following using the FIFO method:****Value of the final stock on-hand on 28 February 2017** |

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|  | **Gross profit percentage on cost of sales** |

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|  | **Provide TWO reasons why alternating between the two methods of valuing stock does not comply with the requirements of International Financial Reporting Standards (IFRS).** |

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**1.2** **GYM TRIM**

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| **1.2.1** | **Calculate the number of days of stock on-hand for Gym Bags. Gym Bags are sold at a mark-up of 25% on cost. The average stock amounted to R153 600.** |  |
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| **1.2.2** | **Identify ONE different problem in respect of the manner in which each product is managed. Quote figures to support your answer. In each case offer practical advice.** |  |
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|  | **Problem with figures** | **Possible solution** |
| **Sweatbands** |  |  |
| **Towels** |  |  |
| **Gym Bags** |  |  |

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| **TOTAL MARKS** |
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| **45** |

QUESTION 2

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| **2.1** | **Explain the difference between the specific identification method and****weighted average method of valuing stock.** |  |
|  | **Specific identification method** |
|  | **Weighted average method** |
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2.2

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| **2.2.1** | **Calculate the Stock Holding Period in days for cooler boxes. Use****Closing Stock in your calculation.** |  |
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| **2.2.2** | **Comment on your findings in response to the manager’s feelings.** |
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| **2.3** | **Calculate the value of the closing stock of tents.** |  |
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| **2.4** | **If the mark-up percentage is 25% on cost price, calculate the total sales****of tents for the period.** |  |
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QUESTION 3

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| **3.1** | **3.1.1** | **Value of the closing stock on 28 February 20.6, using the first-in-first-out (FIFO) method of stock valuation** |  |
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| **3.1.2** | **Total number of units sold** |  |
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| **3.1.3** | **Cost of Sales** |  |
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|  | **3.1.4** | **Total sales amount** |  |
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|  | **3.1.5** | **Gross profit** |  |
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| **3.2** | **With regards to the fixed selling price, what advice would you offer Dean about his pricing policy?** |  |
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| **3.3** | **Give an example of the type of practices that may take place in this industry that result in unfair competition.** |  |
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**QUESTION 4**

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| **4.1.1** |  **Give ONE different between the perpetual stock system and the periodic stock system** |  |
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| **Perpetual stock system** | **Periodic stock system** |
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| **4.1.2** | * **The value of the stock on hand ( closing stock)**
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|  | * **The costs of sales**
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|  | * **The gross profit**
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| **4.1.3** | **What advice would you offer him? Give TWO points.** |  |
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**4.2 Buyiswe Supplies**

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| **4.2.1** | **Calculate the value of the closing stock using the weighted average method.** |  |
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| **4.2.2** | **Calculate the number of the shirts missing.** |  |
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| **4.2.3** | **Give TWO points of advice to improve the internal control over stock.** |  |
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| **QUESTION 5** |  |
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| **5.1** | **INVENTORY VALUATION** |  |  |
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| **5.1.1** | **Calculate the value of the closing stock of Smart television sets on 28 February 2018.** |  |
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| **5.1.2** | **Calculate the Cost of sales for the year ended 28 February 2018.** |  |
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| **5.1.3** | **Calculate how long (in days) it will take to sell the closing stock of 145 Smart television sets.** |  |
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**QUESTION 6**

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|  | **6.1** | **Calculate the value of the closing stock on 28 February 2017 using the weighted-average method.** |  |  |
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|  | **6.2** | **Calculate the average stock-holding period (in days) on** **28 February 2017.** |  |  |
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|  | **6.3** | **Comment on the stock-holding period and explain how this would affect the business** |  |  |
|  |  | **Comment** |  |  |
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|  |  | **How this would affect the business.** |  |  |
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|  | **6.4** | **Calculate the value of the closing stock by using the FIFO method.** |  |  |
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**QUESTION 7**

**7.1**

**GENERAL LEDGER**

**ASSET DISPOSAL**

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| **Calculations:**  |

**7.2 TANGIBLE / FIXED ASSETS**

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|  | **Land and buildings** | **Vehicles** | **Equipment** |
| **Carrying value at beginning of the year** |  |  |  |
|  | **1 200 000** | **820 000** | **195 000** |
|  |  |  |  |
| **Movements** |  |  |  |
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| **Carrying value at the end of year** |  |  |  |
|  | **1 450 000** |  |  |
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| **7.3** | **Briefly explain TWO possible reasons why the directors decided on this method of disposing of the vehicle.** |
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**QUESTION 8**

**8.1** **GENERAL LEDGER OF BOONZAIER TRADERS
 ASSET DISPOSAL**

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| **8.2** | **Calculate the missing amounts denoted by (a) to (e) on the incomplete Fixed Asset note provided.** |  |
| **WORKINGS** | **ANSWER**  |
| **(a)** |  |  |
| **(b)** |  |  |
| **©** |  |  |
| **(d)** |  |  |
| **(e)** |  |  |

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| **8.3** | **Briefly explain why. Provide TWO suitable points.** |
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**QUESTION 9**

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| **1.** | **Give THREE reasons why the reconciliation process must take place when the Bank Statement is received.**  |
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| **2.** | **What does ‘debit balance according to Bank Statement’ mean?** |
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| **3.** | **Cheque no. 3405 has been treated incorrectly by the bookkeeper. This cheque** |
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 **Bank Reconciliation Statement ….**

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|  | **Debit**  | **Credit** |
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| **5.** | **Explain how cheque no. 6802 should be treated when preparing the financial statements and why.**  |
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| **6.** | **If cheque no.6721 does not appear in the Bank Statement in January 2015 what would you do?** |
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| **7.** | **Give TWO possible reasons for ‘stopping’ a cheque.** |
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| **8.** | **Explain how the reconciliation process identifies unethical behaviour and give TWO examples of such behaviour.**  |
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QUESTION 10

**Calculate the correct totals for the Cash Receipts Journal and Cash Payments Journal for July 2018.**

**10.1.1**

**Balance of Bank Account:**

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| **Cash Receipts Journal** |  | **Cash Payments Journal** |
| **42 620** | **20 921** |
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10.1.2 Prepare the Bank Reconciliation Statement on 31 July 2018.

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|  | **Debit** | **Credit** |
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| **10.1.3** | **Internal control of cash is lacking in SA Traders. Identify TWO problems and provide suitable advice to improve internal control.** |
| **Problem with internal control** | **Advice to improve internal control** |
| Problem: | Advice for problem: |

**QUESTION 11**

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| **11.1** | **Calculate of the correct debtors’ control balance** |
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| **11.2** | **The correct amounts owing to debtors** |
|  **DEBTORS** | **CALCULATIONS** | **BALANCE** |
| **M COLEY** |  |  |
| **J RAMSAY** |  |  |
| **W SMITH** |  |  |
| **D CUMMINGS** |  |  |
| **C PRINCE** |  |  |
| **TOTAL** |  |  |

**11.3**

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| Landa Traders has the telephone numbers of all their debtors. What other information should they obtain before allowing customers to open accounts? **State TWO other points with a reason in EACH case.**  |
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**QUESTION 12**

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|  | **DEBTORS' RECONCILIATION** |

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| **12.1**  | **Provide ONE reason why the balance of the Debtors' Control Account and the total of the Debtors' List should be the same.** |  |
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| **12.2** | **Calculate the correct Debtors' Control Account balance after taking into account the relevant errors and omissions.** |  |
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| **12.3** | **Debtor** | **Workings** | **Balance** |

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|  | **B Tom** |  **51 300**  |  |
|  | **C Dick** | **55 120**  |  |
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**QUESTION 13**

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| **13.1** |

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|  | **Creditors' Ledger Account of Styles Suppliers** | **Statement of account received from Styles Suppliers** |
| **Balance before errors/omissions** | **12 160**  | **41 380**  |
| **A** |  |  |
| **B** |  |  |
| **C** |  |  |
| **D** |  |  |
| **E** |  |  |
| **F** |  |  |
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| **13.2**  | **Refer to information E:** |  |
| **(a)** | **Suggest TWO possible actions that the business can take against the storeman.** |  |
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|  | **(b)** | **Provide THREE internal control measures that the business can use to prevent similar incidents in future.**  |  |
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|  | **QUESTION 14** |  |
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| **14.1** | **CREDITORS' LEDGER OF KAROO TRADERS** |  |
|  | **DM SUPPLIERS (CL7)** |  |
|  | **Balance per Ledger Account** | **47 064** |  |

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| **14.2** | **CREDITORS’ RECONCILIATION STATEMENT ON 30 JUNE 2018** |  |
|  | **Balance as per Creditor's Statement**  | **40 271** |  |  |
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| **14.3** | **Explain TWO benefits of using electronic funds transfer (EFT) system rather than using cheques for direct payments to creditors.** |  |
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| **14.4** | **State TWO consequences for the business if they do not pay the amount due to creditors on time.** |  |
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