

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2017

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
5			
6			
TOTAL			

This answer book consists of 16 pages.

Sticker

QUESTION 1

1.1 CONCEPTS

1.1.1	
1.1.2	
1.1.3	

3

1.2 VALUE-ADDED TAX (VAT)

1.2.1 Calculate the amount of VAT either receivable from or payable to SARS on 31 July 2016.

Receivable/Payable: _____

9

1.2.2 The owner wants to change the VAT amount on bad debts from R840 to R4 200. Give ONE reason why you would disagree with him.

2

1.3 BANK RECONCILIATION

1.3.1 Calculate the correct balance of the Bank Account in the General Ledger on 31 July 2016.

Provisional Bank balance	R16 785
Correct Bank balance	

Favourable/Unfavourable: _____

8

1.3.2 Bank Reconciliation Statement as at 31 July 2016

6

1.3.3 Explain ONE internal control measure that the business should implement to ensure that this will not happen in the future.

2

TOTAL MARKS
30

QUESTION 2

2.1 CONCEPTS

2.1.1		
2.1.2		
2.1.3		3

2.2.1 Calculate the unit price of cricket bats on 1 July 2015.

2

2.2.2 Calculate the value of the stock on hand on 30 June 2016 using the weighted-average method.

10

2.2.3 Calculate the gross profit on 30 June 2016.

5

2.2.4 Calculate how long (in days) it is expected to sell the closing stock of 465 cricket bats. Use the closing stock in your calculation.

4

2.2.5 Provide a calculation to support André's concern about the control of cricket bats.

How can André solve this problem? Explain ONE point.

7

2.3 Identify ONE problem relating to each branch. Quote figures to support your answer. In each case, offer Bennie advice.

BRANCH	PROBLEM (with figures)	ADVICE
Parys		
Pretoria		
Pofadder		

9

TOTAL MARKS
40

QUESTION 3**3.1 GANDHI LTD
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017**

Sales		
Cost of sales		
Gross profit	3 150 000	
Other income		
Commission income	12 000	
Gross income		
Operating expenses		
Salaries and wages	824 000	
Depreciation	216 500	
Sundry expenses		
Operating profit		
Interest income		
Net profit before interest expense		
Interest expense		
Net profit before tax		
Income tax	(396 800)	
Net profit after tax		33

3.2.1 ORDINARY SHARE CAPITAL

AUTHORISED SHARE CAPITAL

1 200 000 ordinary shares

ISSUED SHARE CAPITAL

	Ordinary shares on 1 March 2016	3 084 000	
			10

3.2.2 RETAINED INCOME

Balance on 1 March 2016		674 500	
Ordinary share dividends			
Balance on 28 February 2017			10

3.3 EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET

SHAREHOLDERS' EQUITY			
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			16

3.4.1 Calculate B Sly's percentage shareholding in the company before and after the share buy-back.

Before the buy-back:

After the buy-back:

4

3.4.2 Explain why the other shareholders will be concerned about this transaction.

2

TOTAL MARKS
75

QUESTION 4**4.1 CONCEPTS**

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2 BRAZILIA LTD

4.2.1 State ONE purpose of a Cash Flow Statement.

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2

4.2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	2 844 200
Interest paid	(336 000)
CASH FLOW FROM INVESTING ACTIVITIES	
Fixed assets purchased	(1 360 000)
Change in fixed deposit	240 000
CASH FLOW FROM FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING	
CASH AND CASH EQUIVALENTS AT END	179 500

27

4.2.3

Calculate the acid-test ratio.

4

Calculate the % return on average shareholders' equity (ROSHE).

4

Calculate the earnings per share (EPS).

3

4.3 **GRAYSON LTD AND JONI LTD**

4.3.1 **Which company is NOT handling its working capital effectively?**

Explain what the main problem is in respect of their working capital, by quoting TWO financial indicators.

7

4.3.2 The companies have made different decisions regarding the use of loans. Comment on the degree of risk and financial gearing. Give ONE financial indicator in EACH case for EACH company.

	DEGREE OF RISK	FINANCIAL GEARING
Grayson Ltd	Financial indicator:	Financial indicator:
Joni Ltd	Financial indicator:	Financial indicator:
Comment		

7

4.3.3 The dividend policy used by each company has been maintained for the past four years. Explain the policy used by EACH company. Provide figures to support your explanation in EACH case.

	EXPLANATION (with figures)
Grayson Ltd	
Joni Ltd	

6

4.3.4 Should EACH company be satisfied with its share price on the JSE? Explain. Provide figures.

	EXPLANATION (with figures)
Grayson Ltd	
Joni Ltd	

6

TOTAL MARKS
70

QUESTION 5

5.1 MOSES MANUFACTURERS

5.1.1 PRODUCTION COST STATEMENT ON 30 APRIL 2016

Direct labour cost	716 960	
Prime cost		
Total manufacturing cost		
Work in process at beginning of year	142 000	
Cost of production of finished goods		16

5.1.2 Complete the abridged (shortened) Income Statement to calculate the net profit for the year ended 30 April 2016.

Gross profit	1 250 000	
Net profit		8

5.2 UNIT COSTS AND BREAK-EVEN ANALYSIS

5.2.1 Explain the difference between *fixed cost* and *variable cost*.

2

5.2.2 Calculate the break-even point for 2017.

5

5.2.3 Comment on the break-even point and the level of production for 2016 and 2017. Explain why the owner should be satisfied or not.

6

5.2.4 Identify the variable cost that should be of great concern to the owner. Explain and provide a calculation to support your answer.

4

5.2.5 Despite the fact that there was a decrease in the fixed costs per unit, the owner is still not satisfied with his control over the fixed costs. Explain and provide calculation(s) to support his opinion.

4

TOTAL MARKS
45

QUESTION 6

6.1 Calculate the expected monthly percentage of goods sold on credit.

4

6.2 Debtors Collection Schedule for March 2017

MONTH	CREDIT SALES	FEBRUARY	MARCH
December 2016	74 000	16 280	
January 2017	68 000	27 200	*
February 2017	70 000	24 010	*
March 2017	64 000		*
Cash from debtors		67 490	*

5

6.3.1 Explain why the owner is concerned. Give TWO reasons with supporting figures.

4

6.3.2 Suggest ONE solution for this problem.

2

6.4.1

		WORKINGS	ANSWER
(a)	Payment to creditors		
(b)	Salaries of sales assistants		

6

5

6.4.2 Calculate the percentage increase in rent on 1 March 2017.

4

6.4.3 Calculate the amount of the interest on investment expected to be received in March 2017.

4

6.5 Identify TWO payments that you consider to be poorly managed in February 2017. In EACH case, give a suggestion to improve the internal control of the items identified.

PAYMENT	ADVICE

6

TOTAL MARKS
40

TOTAL: 300