

CENTRE NUMBER

--	--	--	--	--	--	--	--

EXAMINATION NUMBER

--	--	--	--	--	--	--	--	--	--	--	--

NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2016

SPECIAL ANSWER BOOK

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

This answer book consists of 16 pages.

QUESTION 1

1.1

Explain how the Creditors' Reconciliation Statement can assist the business in terms of their internal control measures. State TWO points.

4

1.2

Calculate the correct balance of Pikor Suppliers in the Creditors' Ledger Account of Machu Traders. Show the changes to the figure R116 400.

12

1.3

Creditors' Reconciliation Statement for Pikor Suppliers on 30 April 2015

Details	Amount
Balance per statement of account	
Correct balance	

10

1.4

The owner of Machu Traders is not completely satisfied with the service and quality of goods received from Pikor Suppliers. Suggest TWO factors he should consider before changing suppliers.

4

TOTAL MARKS
30

QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	

3

2.2 STAR WHEELS MANUFACTURERS

2.2.1 DIRECT LABOUR COST

9

FACTORY OVERHEAD COST

13

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Direct (raw) material cost	2 100 000
Prime cost	
Total manufacturing cost	
Work-in-process (beginning of year)	160 000
Cost of production of finished goods	

10

2.3 NUTRITIOUS EATS

2.3.1 Calculate the break-even point for the year ended 31 October 2015.

4

2.3.2 Should the business be satisfied with the number of units that they produced and sold during the current financial year? Explain. Quote figures.

3

2.3.3 Give TWO possible reasons for the increase in the direct material cost per unit in the current financial year.

4

2.3.4 Craig suggests that, in order to improve financial results in the new financial year, the quantity of cereal per box must be reduced by 10% and the selling price must remain the same. Give TWO valid reasons why he should not do this.

4

TOTAL MARKS
50

QUESTION 3**3.1 VAT CONCEPTS**

3.1.1	
3.1.2	
3.1.3	

3

3.2 VAT CALCULATIONS

Calculate the correct amount of VAT the business has to pay. Show ALL workings.

12

3.3 INVENTORY VALUATION

3.3.1 (a) Calculate the closing stock of Johx watches on 31 August 2015.

5

(b) Calculate the cost of sales of Johx watches for the year ended 31 August 2015.

4

(c) Calculate the average stock-holding period (in days) of Johx watches on 31 August 2015.

4

3.3.2 (a) Calculate the closing stock of Kwatz watches on 31 August 2015.

7

(b) Calculate the sales of Kwatz watches on 31 August 2015.

3

3.3.3 Explain why the business uses different methods to value each type of watch. State ONE valid point.

2

TOTAL MARKS
40

QUESTION 4

4.1

MUSICA LIMITED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015	
Sales (8 412 000	
Cost of sales (4 595 000	
Gross profit	
Other income	
Commission income	64 140
Gross income	
Operating expenses	
Sundry expenses	257 400
Bank charges	41 905
Audit fees	75 600
Operating profit	
Interest income	3 000
Profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	(300 300)
Net profit after tax	

4.2 TRADE AND OTHER RECEIVABLES

10

4.3 AUDIT REPORT

4.3.1 The audit report is an example of a/an (qualified/unqualified/disclaimer of opinion) audit report.

1

4.3.2 Who is the audit report addressed to? Give a reason for your answer.

2

4.3.3 Explain why it is likely that this audit report will have a negative effect on the value of the shares of this company on the JSE.

2

TOTAL MARKS
65

QUESTION 5

5.1

ASSET DISPOSAL

2015 Aug.	31			2015 Aug.	31		

9

5.2

No.	Calculation	Amount
(a)		
(b)		
(c)		

12

5.3.1

Calculate the income tax paid.

5

5.3.2

Calculate the net change in cash and cash equivalents.

4

5.4 Cash effects on financing activities

7

5.5.1 Calculate the net asset value per share.

--

3

5.5.2 Calculate the return on average shareholders' equity.

--

5

5.5.3 Calculate the debt-equity ratio.

--

3

5.6.1 The directors are not satisfied with the liquidity position. Quote and explain **THREE** relevant financial indicators (with figures) to support this statement.

6

5.6.2 The directors decided to increase the loan during the current financial year. Explain why this was a good decision. Quote and explain **TWO** financial indicators (with figures) in your answer.

8

5.6.3 The directors were pleased with the price that the company paid to buy back the 40 000 shares. Give a suitable reason why the directors felt that way. Quote relevant financial indicators (with figures) to support your answer.

3

TOTAL MARKS
65

QUESTION 6**6.1 KOBUS HARDWARE**

6.1.1 Calculate the missing amounts indicated by (a) to (e) in the Cash Budget for March and April 2016.

	Calculation	Amount
(a)		
(b)		
(c)		
(d)		
(e)		

17

6.1.2 Complete the Debtors' Collection Schedule.

	CREDIT SALES	MARCH	APRIL
FEBRUARY	*	76 000	
MARCH	*	68 400	*
APRIL	158 400		*
		144 400	*

8

6.1.3 Calculate the percentage increase in sundry expenses.

--

4

6.1.4 The Cash Budget for March and April 2016 indicates that this business will face serious financial difficulties. Identify TWO items to support this statement. Quote relevant figures.

4

6.1.5 Refer to Information K. Explain why each of the items reflects a problem for the business. State TWO points in EACH case.

Item	Explanation
Collection from debtors	Point 1: Point 2:
Payments to creditors	Point 1: Point 2:
Insurance	Point 1: Point 2:
Drawings	Point 1: Point 2:

(4 x 2)

8

6.2 MANAGEMENT OF FIXED ASSETS

Identify **ONE** problem regarding each vehicle/driver. Quote figures to support your answers. Give Kobus **ONE** point of advice for **EACH** problem identified.

	Problem with figures	Advice
Vehicle 1 (Leroy)		
Vehicle 2 (Fred)		
Vehicle 3 (Bheki)		

9

TOTAL MARKS
50

TOTAL: 300