

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

This answer book consists of 16 pages.

Copyright reserved

Please turn over

- 1.1 DEBTORS' AGE ANALYSIS
- 1.1.1 Explain why the debtors' age analysis is considered to be an effective internal control measure. State ONE point.

 1.1.2
 Explain TWO different problems highlighted by the debtors' age analysis. In EACH case, provide the name of a debtor and figure(s).

 PROBLEM
 DEBTOR AND FIGURE(S)

1.2 DEBTORS' RECONCILIATION

1.2.1 CORRECTIONS TO THE DEBTORS' CONTROL ACCOUNT ON 30 NOVEMBER 2017

Balance before errors and omissions	25 700
(i)	
(ii)	
(iii)	
(iv)	
(v)	
Correct Debtors' Control balance	

1.3.1

1.2.2 DEBTORS' LIST ON 30 NOVEMBER 2017

L Nkosi	(5 700	
S Muller	(11 100	
M Welthagen	(–1 900	
B Sandleni	(15 900	
Correct total of	f Debtors' List	

Calculate the VAT amount that is either receivable from or payable to

10

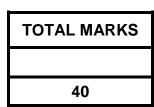
SARS on 31 July 2017.

11

1.3.2 Nomvula has ordered goods with a marked price of R35 000 from Beta Suppliers.

The sales director of Beta Suppliers, Jim Frow, has offered to sell these goods to Nomvula for R15 000, provided that they do not have to issue an invoice.

Comment on the offer made by Jim. State TWO points.



2.1.2 2.1.3 Calculate the value of the closing stock according to the FIF n 31 December 2017.	O meth
in 51 December 2017.	
alculate the cost of sales.	
alculate the gross profit.	
calculate the value of the closing stock on 31 December 2017 ne weighted-average method.	by usin
	es to thi

2.3

You are provided with information relating to Leno Furnishers. They sell tables, chairs and beds for cash only. The owner is concerned that the figures provided reflect poor internal control and decision-making.

Identify ONE problem for each product. Quote figures. In EACH case, give advice on how to solve the problem.

Problem (with figures)	Advice
	Problem (with figures)

TOTAL MARKS	
35	

3.1 GLAMOUR DRESS CREATIONS

3.1.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017.

		1
Prime cost		
Total manufacturing cost		
Work-in-process (1 March 2016)	76 000	
]r
Production cost of finished goods		1Ŀ

3.1.2 Calculate the net profit for the year ended 28 February 2017.

3.2 LIGHTING SOLUTIONS

per unit.

3.2.3

Give TWO reasons for the increase in the selling and distribution cost

4

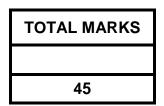
4

3.2.4 Calculate the break-even point for the year ended 31 December 2017.

Comment on the production level for 2017. State TWO points. Quote figures.

3.2.5 Lighting Solutions are considering importing raw materials because it is cheaper and of a higher quality. Name TWO aspects that they must consider before finalising their decision.

_



4.1

 4.1.1

 4.1.2

 4.1.3

 4.1.4

 4.1.5

5

4.2 ORBIT LTD

4.2.1

(a) ORDINARY SHARE CAPITAL

Authorised		
6 000 000 sh	ares	
Issued		
		8

(b) RETAINED INCOME

Balance on 1 July 2016	874 000
Ordinary share dividends	
	<u></u>
Balance on 30 June 2017	1

4.2.2 ORBIT LTD BALANCE SHEET ON 30 JUNE 2017

ASSETS	
NON-CURRENT ASSETS	
Fixed/Tangible Assets	
Fixed deposit	380 000
CURRENT ASSETS	
Inventory	478 000
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Ordinary share capital	
Retained income	
NON-CURRENT LIABILITIES	
Loan: Helping Bank	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL EQUITY AND LIABILITIES	

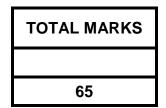
As a shareholder, explain your concern regarding the proposed 4.2.3 buy-back of shares. Provide calculations to support your concern.

6

AUDIT REPORT: DF ENTERPRISES LTD 4.3

4.3.1	(a)		
	(b)		2

(a)	The audit report below indicates a/an (qualified/unqualified) opinion.
(b)	Explain why the shareholders should be concerned about this audit report. State TWO points.



5.1	NO.	WORKINGS	AMOUNT
	(a)	Additions to buildings	
	(b)	Total depreciation on equipment	
	(c)	Disposal of equipment at carrying value	

15

5.2.1	WORKINGS	ANSWER	
	Calculate the income tax paid.		
			5
5.2.2	Calculate the dividends paid.		
			3
5.2.3	Calculate the net change in cash and cash equivalents.		
			4

CASH EFFECTS OF FINANCING ACTIVITIES	

5.4.1	Coloulate the debt equity ratio	1
5.4.1	Calculate the debt-equity ratio.	
		3
5.4.2	Calculate the cornings per chare (in cente)	3
J.4. Z	Calculate the earnings per share (in cents).	
		3
5.4.3	Calculate the return on average shareholders' equity (ROSHE).	
5.4.5	Calculate the return on average shareholders' equity (NOSHE).	
		5
		5
5.5	Explain why the directors felt that the 630 cents offered on the	
010	shares repurchased was a fair price. Quote TWO financial indicators	
	with figures.	
		4
5.6.1	The directors revised the dividend pay-out policy for the current	
••••	financial year.	
	Calculate the percentage of earnings distributed as dividends for each year to show this change.	
	year to show this change.	
		4

	s took this decision.
Explain why the shareholders may earn. Quote a financial indicator of	y not be satisfied with the return the rigure(s).
Apart from the dividends, identify effect of each decision on the com GOOD DECISIONS (with figures)	y THREE good decisions. Explain the second s
Decision 1:	
Decision 2:	
Decision 2: Decision 3:	

TOTAL MARKS
70

QUESTION 6

6.1.1	Calculate the mark-up percentage on spare parts used in the Projected Income Statement for March 2018.	
		3
6.1.2	Calculate the % decrease in service fee income expected in April 2018.	
		3
6.1.3	Calculate the additional space (in square metres) the business will rent from April 2018.	
		4
6.1.4	Calculate the interest rate on the fixed deposit.	
		5
6.2	Comment on the control of stock and explain how Vusi intends to correct this. Quote figures.	

6.3.1 Vusi is thinking of purchasing the business premises rather than renting it. State ONE advantage and ONE disadvantage of this option.

Advantage:

Disadvantage:

4

6.3.2 Vusi offers a free delivery service of spare parts to customers, but plans to discontinue this service on 31 March 2018.

State TWO points to support this decision.

6.3.3 Calculate the cost of the new vehicle that he plans to purchase on 1 April 2018.

6.4.1	Explain whether Water and electricity has been well controlled, or not.	
		3
6.4.2	Explain whether you agree with Vusi's decision not to use the full budget for Advertising.	
		3
6.4.3	Explain whether Consumable stores have been well controlled, or not.	3
6.4.4	Explain how Vusi's decision about the mark-up percentage on spare	4
	parts has affected the business.	
		4

TOTAL MARKS
45

TOTAL: 300