

STICKER

CENTRE NUMBER

| | | | | | | | |
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EXAMINATION NUMBER

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**SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

ACCOUNTING

GRADE 12

2019

SPECIAL ANSWER BOOK

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

This answer book consists of 15 pages.

QUESTION 2

2.1

| | |
|-------|--|
| 2.1.1 | |
| 2.1.2 | |
| 2.1.3 | |

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|---|
| |
| 3 |

2.2 **PHOTO-FIX TRADERS**2.2.1 **Calculate:**

| | |
|--|---------------|
| Value of closing stock of cameras | |
| Workings | Answer |
| | |

| |
|---|
| |
| 9 |

2.2.2 **Value of closing stock of photo frames**

| | |
|---|---------------|
| Value of closing stock of photo frames | |
| Workings | Answer |
| | |

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| |
| 8 |

2.2.3 **The owner suspects that photo frames are being stolen. Provide a calculation to confirm his suspicions.**

| | |
|--|---------------|
| The owner suspects that photo frames are being stolen. Provide a calculation to confirm his suspicions. | |
| Workings | Answer |
| | |

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2.2.4

Tom is thinking of employing an assistant at a wage of R3 500 per month to control the stock of photo frames. Explain why this is NOT a good idea. Provide TWO points with figures/calculations.

| | Explanation | Figures |
|---------|-------------|---------|
| Point 1 | | |
| Point 2 | | |

6

2.3

MANAGEMENT OF INVENTORIES

| Product | Problem | Solution |
|-----------|---------|----------|
| Cupboards | | |
| Tables | | |
| Chairs | | |

9

TOTAL MARKS

40

QUESTION 3

3.1

| | |
|-------|--|
| 3.1.1 | |
| 3.1.2 | |
| 3.1.3 | |
| 3.1.4 | |

4

3.2.1

Calculate: The value of the closing stock using the first-in-first-out stock valuation method

| Workings | Answer |
|----------|--------|
| | |

5

Calculate: Direct material cost

| Workings | Answer |
|----------|--------|
| | |

4

3.2.2

Factory overhead cost

| | |
|-----------|--------|
| TOTAL b/f | 84 330 |
| | |
| | |
| | |
| | |
| | |

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3.2.3

Provide evidence (figures) to justify his concern. In each case, also give a possible reason for the increase in EACH unit cost, apart from normal inflation.

| COST | EVIDENCE | REASON |
|-----------------------------|----------|--------|
| Total fixed cost per unit | | |
| Direct labour cost per unit | | |

6

3.2.4

Calculate the break-even point on 31 December 2018.

| Workings | Answer |
|----------|--------|
| | |

4

Explain whether or not there was any improvement in the trends of the level of production and the break-even point from one year to the next. Quote figures.

4

The owner cannot understand why he is making a better profit this year. Explain how this happened. Provide TWO points. Quote figures.

5

TOTAL MARKS

40

QUESTION 4

4.1

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|-------|--|
| 4.1.1 | |
| 4.1.2 | |
| 4.1.3 | |
| 4.1.4 | |

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4.2 AUDIT REPORT

4.2.1

Choose the correct word from those given in brackets.

Give ONE reason.

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4.2.2

Give ONE reason why the Companies Act requires public companies to be audited by an independent auditor.

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4.2.3

Newspaper reports have indicated that Kego and Murray Associates have been found guilty of misconduct in terms of audit work done at several large firms. Explain how this may influence shareholders of Everest Ltd. State TWO points.

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4.3 MVVS LTD

4.3.1 Statement of Comprehensive Income (Income Statement) for the year ended 31 March 2019

| | |
|--------------------------------|-----------|
| Sales | |
| Cost of sales | |
| Gross profit | |
| Operating income | |
| Rent income | 99 500 |
| | |
| | |
| | |
| | |
| Gross operating income | |
| Operating expenses | |
| Directors' fees | 1 262 100 |
| Water and electricity | 218 000 |
| Telephone | 75 600 |
| Audit fees | 104 000 |
| Sundry expenses | 61 001 |
| | |
| | |
| | |
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| | |
| Operating profit | |
| Interest income | |
| Profit before interest expense | |
| Interest expense | |
| Net profit before tax | 691 000 |
| Income tax | |
| Net profit after tax | |

4.3.2 NOTES TO THE BALANCE SHEET

Fixed/Tangible Assets

| | Land and buildings | Vehicles | Equipment |
|---|--------------------|-----------|-----------|
| Carrying value at beginning of financial year | 12 500 000 | 275 000 | 280 500 |
| Cost | 12 500 000 | 750 000 | 398 000 |
| Accumulated depreciation | - | (475 000) | (117 500) |
| Movements | | | |
| Additions at cost | - | | - |
| Disposals at carrying value | - | - | |
| Depreciation | - | | (94 250) |
| Carrying value at end of financial year | 12 500 000 | | |
| Cost | 12 500 000 | 1 377 000 | |
| Accumulated depreciation | - | | |

8

Ordinary share capital

| | | |
|------------------|------------------------------|--|
| Authorised: | | |
| 8 000 000 shares | | |
| Issued: | | |
| 1 200 000 | shares in issue at beginning | |
| | | |
| | | |
| | | |

6

TOTAL MARKS

80

QUESTION 5

5.1

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|-------|--|
| 5.1.1 | |
| 5.1.2 | |
| 5.1.3 | |
| 5.1.4 | |

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5.2 KULFI LTD

5.2.1 RETAINED INCOME NOTE:

| | |
|-----------------------------|--|
| Balance on 1 March 2018 | |
| Net profit after tax | |
| | |
| Ordinary share dividends | |
| | |
| | |
| Balance on 28 February 2019 | |

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| |
| 12 |

5.2.2 Calculate: Income tax paid

| Workings | Answer |
|----------|--------|
| | |

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Calculate: Dividends paid

| Workings | Answer |
|----------|--------|
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5.2.3 Cash effects of investing activities

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| Net change in cash and cash equivalents | | |
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| | | 4 |

5.2.4

Calculate: Acid-test ratio

| Workings | Answer |
|----------|--------|
| | |

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Calculate: Debt-equity ratio

| Workings | Answer |
|----------|--------|
| | |

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| 4 |

Calculate: % return on average shareholders' equity (ROSHE)

| Workings | Answer |
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5.2.5

The shareholders are satisfied with the improvement in the liquidity position. Quote THREE financial indicators (with figures) to support this statement.

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5.2.6

The company increased the share capital by R840 000, and the loan by R550 000.

Explain how this affected the gearing and risk of the company. Quote TWO financial indicators.

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Explain what the directors have done with this cash inflow. State TWO points.

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5.2.7 Provide calculations to show the change in the pay-out rate.

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Give ONE reason why many shareholders were satisfied with the change in policy. Quote figures.

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5.2.8 Explain how the repurchase of the shares benefited Martha's shareholding. Quote figures.

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| TOTAL MARKS |
| |
| 75 |

QUESTION 6

6.1 Identify TWO items in the Cash Budget that will not appear in a Projected Income Statement.

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6.2 (i) Calculate: Rent income, June 2019

| Workings | Answer |
|----------|--------|
| | |

(ii) Calculate: Fixed deposit: Protea Bank, July 2019

| Workings | Answer |
|----------|--------|
| | |

(iii) Calculate: Cash purchases of trading stock, July 2019

| Workings | Answer |
|----------|--------|
| | |

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| |
| 7 |

6.3 Calculate the total purchases for April 2019.

| Workings | Answer |
|----------|--------|
| | |

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| 2 |

6.4 DEBTORS' COLLECTION SCHEDULE

| | CREDIT SALES | JUNE | JULY |
|-------|--------------|---------|------|
| MAY | 576 000 | 374 400 | |
| JUNE | | 159 030 | |
| JULY | 855 000 | | |
| TOTAL | | 533 430 | |

| |
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| 8 |

6.5.1 Comment on the following (provide figures):

| | | | |
|---|--|--|---|
| Effect of the advertising on sales | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 15px;"></td></tr> <tr><td style="text-align: center;">3</td></tr> </table> | | 3 |
| | | | |
| 3 | | | |
| Payment to creditors | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 15px;"></td></tr> <tr><td style="text-align: center;">2</td></tr> </table> | | 2 |
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| 2 | | | |

6.5.2 Identify TWO strategies (except advertising) that the business used to achieve sales targets for May 2019. Quote figures.

| | | | |
|--|--|--|---|
| Identify TWO strategies (except advertising) that the business used to achieve sales targets for May 2019. Quote figures. | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 15px;"></td></tr> <tr><td style="text-align: center;">4</td></tr> </table> | | 4 |
| | | | |
| 4 | | | |
| Explain whether these were good strategies, or not. Provide ONE point with figures. | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 15px;"></td></tr> <tr><td style="text-align: center;">2</td></tr> </table> | | 2 |
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| 2 | | | |

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|--------------------|
| TOTAL MARKS |
| |
| 30 |

TOTAL: 300