

STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING

GRADE 12

2018

SPECIAL ANSWER BOOK

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

This answer book consists of 16 pages.

1.2 The internal auditor is concerned about the management of cash.

1.2.1 Explain TWO different problems to justify her concern. Quote figures.

Problem 1:

Problem 2:

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| 4 |

1.2.2 Give advice (TWO points) on how such problems can be avoided in future.

Point 1:

Point 2:

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| 2 |

1.3 Explain TWO benefits of using the electronic funds transfer (EFT) system rather than cheques for direct payments to suppliers.

Benefit 1:

Benefit 2:

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| TOTAL MARKS |
| |
| 35 |

QUESTION 2

2.1

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| 2.1.1 | | |
| 2.1.2 | | |
| 2.1.3 | | |
| 2.1.4 | | |

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| 4 |

2.2 TIGHT-FIT MANUFACTURERS2.2.1 **Calculate: Value of the closing stock of raw materials**

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

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| |
| 4 |

Calculate: Value of direct/raw materials issued for production

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

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| 3 |

Calculate: Correct factory overhead costs

| Workings | Answer |
|----------|--------|
| 746 670 | |

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| |
| 6 |

2.2.2 **Production Cost Statement for the year ended 31 March 2018.**

| | |
|---|----------------|
| | |
| Direct labour cost | |
| Prime cost | |
| | |
| Total manufacturing costs | |
| Work-in-process at beginning of year | 147 500 |
| | |
| | |
| Cost of production of finished goods | |

| |
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| |
| 12 |

2.2.3 Give TWO reasons why the business should support local suppliers.

Reason 1:

Reason 2:

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2.3 BREAK-TIME MANUFACTURERS

2.3.1 Calculate the direct labour cost for the year ended 30 April 2018.

| Workings | Answer |
|----------|--------|
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Calculate the break-even point for the year ended 30 April 2018.

| Workings | Answer |
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2.3.2 Explain why the owner should be concerned about the break-even point. Quote figures.

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2.3.3 Explain why the owner would NOT be satisfied with the direct labour cost per unit. Quote figures.

Give ONE solution to this problem.

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| TOTAL MARKS |
| |
| 45 |

QUESTION 3

3.1.1 Calculate the value of the closing stock of bicycles on 31 May 2018.

| | Workings | Answer |
|-------|----------|--------|
| Tempo | | |
| Cruze | | |
| Ryder | | |
| | | |

8

Calculate the cost of sales for the year ended 31 May 2018.

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

4

Calculate the gross profit for the year ended 31 May 2018.

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

3

3.1.2 Calculate the selling price of a Ryder bicycle.

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

3

Calculate the average number of Ryder bicycles sold per month.

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

3

Indicate how long it will take Fred to sell the closing stock of the Ryder bicycles. Show calculations.

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

3

Give ONE possible reason for the slow sales of Ryder bicycles.

Give advice (ONE point) to Fred in this regard.

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3.2.1 Explain why it was NOT a good idea to change to a cheaper supplier of T-shirts. State TWO points.

Point 1:

Point 2:

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3.2.2 Celia decided to change the supplier in 2018 and to change the mark-up %. How has this decision affected the business? State TWO points.

Point 1:

Point 2:

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3.2.3 Make TWO separate suggestions to Celia to improve the profit on pants in 2019.

Point 1:

Point 2:

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| TOTAL MARKS |
| |
| 40 |

QUESTION 4

4.1

| | |
|-------|--|
| 4.1.1 | |
| 4.1.2 | |
| 4.1.3 | |
| 4.1.4 | |
| 4.1.5 | |

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| 5 |

4.2 **MODISE LTD**4.2.1 **RETAINED INCOME NOTE**

| | |
|-------------------------------------|-----------------|
| Balance at beginning of year | R567 000 |
| | |
| | |
| Ordinary share dividends | |
| | |
| | |
| Balance at end of year | |

| |
|----|
| |
| 12 |

4.2.2 MODISE LTD

BALANCE SHEET ON 28 FEBRUARY 2018

| | |
|--------------------------------------|-------------------|
| ASSETS | |
| Non-current assets | |
| Fixed assets | |
| | |
| Current assets | |
| Inventories | |
| | |
| | |
| TOTAL ASSETS | |
| | |
| EQUITY AND LIABILITIES | |
| Ordinary shareholders' equity | |
| Ordinary share capital | 13 650 000 |
| | |
| Non-current liabilities | |
| | |
| Current liabilities | 2 600 000 |
| Trade and other payables | |
| Shareholders for dividends | |
| SARS: Income tax | |
| | |
| TOTAL EQUITY AND LIABILITIES | |

4.2.3 The directors want to give R500 000 to a local school.
Give TWO reasons why companies take such decisions.

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4.3 AUDIT REPORT

4.3.1 Briefly explain the role of an independent auditor.

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4.3.2 Did Denga Limited receive a qualified/unqualified/disclaimer of opinion audit report?

Briefly explain your choice.

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4.3.3 State **THREE** possible consequences for the independent auditor if he had **NOT** mentioned the advertising expense in his report.

Point 1:

Point 2:

Point 3:

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| TOTAL MARKS |
| |
| 70 |

QUESTION 5

5.1

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

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|---|
| |
| 4 |

5.2 MALOTRA LTD

5.2.1

| | Workings | Answer |
|-----|----------|--------|
| (a) | | |
| (b) | | |
| (c) | | |
| (d) | | |
| (e) | | |

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| 16 |

5.2.2

| Calculate the net profit after income tax on 28 February 2018. | |
|--|--------|
| Workings | Answer |
| | |

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| 3 |

5.2.3

| Calculate the dividends paid. | |
|-------------------------------|--------|
| Workings | Answer |
| | |

| Calculate the funds used to repurchase shares. | |
|--|--------|
| Workings | Answer |
| | |

| Calculate the proceeds from shares issued. | |
|--|--------|
| Workings | Answer |
| | |

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| 4 |

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| 5 |

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| 5 |

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| 5.2.4 | Net change in cash and cash equivalents | | |
| | Cash and cash equivalents (opening balance) | | |
| | Cash and cash equivalents (closing balance) | | 4 |

| | | | |
|-------|---------------------------------------|---------------|----------|
| 5.2.5 | Calculate the acid-test ratio. | | |
| | Workings | Answer | |
| | | | 4 |

| | | | |
|--|---|---------------|----------|
| | Calculate the debt-equity ratio. | | |
| | Workings | Answer | |
| | | | 3 |

| | | | |
|--|--|---------------|----------|
| | Calculate the return on average shareholders' equity. | | |
| | Workings | Answer | |
| | | | 5 |

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|-------|---|----------|
| 5.2.6 | The directors decided to increase the loan during the current financial year. Explain whether this was a good decision or not. Quote TWO financial indicators (with figures). | |
| | | 6 |

5.2.7 Comment on the price paid for the shares repurchased on 1 January 2018. Quote TWO financial indicators (with figures).

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5.2.8 Thandi Nene owns 416 000 shares in the company. When the directors decided to issue a further 200 000 shares during October 2017, she decided not to buy more shares and rather spend her funds on an overseas holiday.

Explain why you feel Thandi has made the wrong decision. Quote relevant figures or calculations to support your opinion.

Calculations:

Explanation:

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| TOTAL MARKS |
| |
| 70 |

QUESTION 6

6.1.1 The main purpose of a Cash Budget is to ...

6.1.2 The main purpose of a Projected Income Statement is ...

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6.2.1 Debtors' Collection Schedule:

| | CREDIT SALES | MAY 2018 | JUNE 2018 |
|-------------------|--------------|----------|-----------|
| March 2018 | 252 000 | 22 680 | |
| April 2018 | 288 000 | 172 800 | |
| May 2018 | | 51 300 | |
| June 2018 | 216 000 | | |
| Cash from debtors | | 246 780 | |

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| |
| 7 |

6.2.2 Determine the discount allowed for May 2018.

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

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Determine the bad debts written off in June 2018.

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

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| |
| 3 |

6.3 Calculate the cash sales for May 2018.

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

| |
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| 2 |

Calculate the payment to creditors in June 2018.

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

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| Calculate the salaries for May 2018. | |
|---|---------------|
| Workings | Answer |
| | |

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6.4.1 Tony is not concerned about the overspending in advertising. Explain why this is so. Quote figures to support your answer.

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6.4.2 State ONE consequence of not paying the amount due to creditors in April 2018.

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6.4.3 State TWO points in favour of appointing Gentex Cleaning Services.

Point 1:

Point 2:

Explain ONE point that Tony should consider before making this decision.

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| 6 |

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| TOTAL MARKS |
| |
| 40 |

TOTAL: 300