

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2014

SPECIAL ANSWER BOOK

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

This answer book consists of 18 pages.

QUESTION 1

1.1 CONCEPTS

1.1.1	
1.1.2	
1.1.3	

6

1.2 INVENTORY VALUATION

1.2.1 Calculate the following on 31 May 2013:

Weighted-average value per box
Value of the closing stock
Number of boxes of washing powder missing

12

1.2.2	Division of duties plays an important part in preventing this problem. Explain how Jakob should implement this in the business with regard to stock.
	Name ONE other strategy he could use and explain how he should implement this strategy.

2

2

1.3 VAT

1.3.1

If VAT input is greater than VAT output, SARS for VAT will be shown in the financial statements as a Trade and Other (Payable/Receivable).

2

1.3.2

The credit sales for October 2013 amounted to R120 000 (excluding VAT). Calculate the amount of VAT on the credit sales.

2

1.3.3

The total of the debit notes issued to suppliers for merchandise returned to creditors indicates VAT of R1 120. Determine the VAT-exclusive amount that must be posted to the Trading Stock Account.

2

1.3.4

Calculate the VAT paid if the total cash purchases for October 2013 was R159 600 (including VAT).

2

TOTAL MARKS
30

QUESTION 2

2.1 BANK RECONCILIATION STATEMENT AND INTERNAL CONTROL

2.1.1 Identify the items and the amounts that must be entered in the Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ) for August 2013. List only the item number and the amount. Do NOT give totals for each journal.

Cash Receipts Journal (CRJ)	
Item number	Amount

Cash Payments Journal (CPJ)	
Item number	Amount

10

2.1.2 BANK RECONCILIATION STATEMENT ON 31 AUGUST 2013

13

2.1.3

<p>It is clear that the business is not controlling its cash properly. What specific problems will the internal auditor include in his report? Explain TWO of these problems, providing figures to support your explanation, and give a possible solution for each. Dismissal of employees is not an option at this stage.</p>		
	<p>Explanation (with figures)</p>	<p>Possible solution</p>
<p>Problem 1</p>		
<p>Problem 2</p>		

6

2.2 DEBTORS' AGE ANALYSIS

2.2.1

<p>The business is not controlling its debtors effectively. Give ONE reason why you would agree with this statement. Refer to figures in your answer.</p>
--

2

2.2.2

<p>Anna is of the opinion that her debtors' clerk does not screen (checking) customers properly before they start buying on credit from her business.</p> <p>Give TWO strategies that the debtors' clerk should follow before allowing customers to open accounts.</p>
<p>Strategy 1:</p>
<p>Strategy 2:</p>

4

<p>TOTAL MARKS</p>
<p>35</p>

QUESTION 3**3.1 INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

Sales	
Cost of sales	
Gross profit	
Other income	
Profit on sale of asset	12 500
Gross operating profit	
Operating expenses	(2 293 750)
Sundry expenses	
Bank charges	6 000
Audit fees	45 000
Operating profit	
Interest income	680
Profit before interest expense	
Net profit before tax	
Income tax for the year	(240 000)
Net profit after tax	

3.2 FIXED ASSETS NOTE ON 31 DECEMBER 2013

FIXED/TANGIBLE ASSETS	VEHICLES
Carrying value – 1 January 2013	309 100
Cost	489 500
Accumulated depreciation	(180 400)
Movements	
Additions at cost	0
Depreciation	(95 150)
Carrying value – 31 December 2013	
Cost	
Accumulated depreciation	(228 800)

5

3.3 TRADE AND OTHER PAYABLES

Creditors	
Shareholders for dividends	
SARS: PAYE	

24

TOTAL MARKS
75

QUESTION 4

4.1	4.1.1	
	4.1.2	
	4.1.3	
	4.1.4	

8

4.2 4.2.1 CASH GENERATED FROM OPERATIONS

Net profit before tax	980 000
Adjustment for:	
Interest expense	36 000
Depreciation	200 000
Operating profit before changes in working capital	1 216 000
Changes in working capital	
Change in inventories	
Change in trade and other receivables	
Change in trade and other payables	
Cash generated from operations	

8

4.2.2 Calculate:

Taxation paid

4

Dividends paid

4

Fixed assets purchased

5

4.2.3 Calculate the following financial indicators on 30 June 2013:

Solvency ratio

5

Acid test ratio

4

Return on average capital employed (ROTCE, use net profit before tax in your calculation.)

5

4.2.4

Calculate the minimum number of shares Gus must buy in July 2013 to gain control of the company.

4

Gus wants to purchase the additional shares at R8,00 without advertising the shares to the public. Give TWO reasons why you would not approve of this arrangement.

4

4.2.5

One of the directors believes that the company should also make use of loans in the new financial year. Quote TWO financial indicators (with figures) and explain each indicator to support her opinion.

4

4.2.6

The directors are of the opinion that the liquidity has deteriorated. Quote THREE financial indicators (with figures) to support this opinion.

6

4.3 AUDIT REPORT

4.3.1

Is the audit report presented by Tshabalala & Associates regarded as a qualified report, a disclaimer of opinion report or an unqualified report?

Give ONE reason.

2

4.3.2

Explain why the Companies Act makes it a requirement for public companies to be audited by an independent auditor. Give ONE reason.

2

4.3.3

To whom is this audit report addressed?

Give ONE reason.

2

4.3.4

Senzo Tshabalala, a senior partner in Tshabalala & Associates, wants to purchase shares in Bongi Limited, as he regards it as an excellent investment opportunity. What advice would you offer Senzo? Explain.

3

TOTAL MARKS
70

QUESTION 5

5.1 COST CONCEPTS

5.1.1	
5.1.2	
5.1.3	

6

5.2 PRODUCTION COST STATEMENT

5.2.1 FACTORY OVERHEAD COSTS

Factory maintenance	19 404
Depreciation	32 390

12

5.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

PRIME COST	
Factory overhead cost	
TOTAL MANUFACTURING COST	
COST OF PRODUCTION OF FINISHED GOODS	

17

5.3 UNIT COSTS AND BREAK-EVEN POINT

5.3.1 Calculate the following:

Direct material cost per unit

2

Factory overhead cost

2

5.3.2 Other than price changes, give a possible reason for the change in unit costs in each of the following cases:

Direct material cost per unit

Factory overhead cost per unit

4

5.3.3 Calculate the break-even point for the year ended 31 August 2013. The break-even point for the previous year was 23 064 units.

4

5.3.4

Explain whether the business should be satisfied with the level of production achieved. Mention the break-even point in your explanation.

3

TOTAL MARKS
50

QUESTION 6

6.1 Complete the table by filling in only the amounts in the appropriate columns.

EXAMPLE: The tenant will pay monthly rent of R6 000.

No.	Amount in the Cash Budget for May 2014		Amount in the Projected Income Statement for May 2014	
	RECEIPT	PAYMENT	INCOME	EXPENSE
e.g.	R6 000		R6 000	
6.1.1				
6.1.2				
6.1.3				
6.1.4				

8

6.2 CASH BUDGET

6.2.1 DEBTORS' COLLECTION SCHEDULE

MONTHS	FEE INCOME ON CREDIT	APRIL 2014	MAY 2014
March (actual)	R140 000	84 000	
April (budgeted)	R200 000	68 600	
May (budgeted)	R280 000		
CASH FROM DEBTORS		152 600	

5

6.2.2 Calculate A–D:

A	
B	
C	
D	

6

Calculate the amount of the loan on 1 April 2014.

3

Calculate the percentage increase in salaries on 1 May 2014.

3

6.2.3

Explain what you would mention to Molly about each of the items listed below and give ONE point of advice in each case.

FUEL (PETROL):

COMMENT	
ADVICE	

COLLECTION FROM DEBTORS:

COMMENT	
ADVICE	

ADVERTISING:

COMMENT	
ADVICE	

6

6.3 INTERNAL CONTROL

Identify a problem that Candice is experiencing concerning each of her products. State a different problem for each product. You must quote figures to support your answer. Give a suitable solution to each problem identified.

Product	Problem (with figures)	Solution
Fruit juice		
Chips		
Chocolates		

9

TOTAL MARKS
40

TOTAL: 300