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SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING

GRADE 12

2017

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 TRUE OR FALSE**

1.1.1	
1.1.2	
1.1.3	

3

1.2 MIZZY BOUTIQUE

Use the table provided to indicate corrections that must be made to the Debtors' Control Account and the debtors' list.

Provide figures and a plus (+) or minus (–) sign for each correction.

	Debtors' Control Account	Debtors' List
Balance/Total on 28 February 2017	R37 710	R39 490
(a)		
(b)		
(c)		
(d)		
(e)		
(f)		
Balance/Total on 28 February 2017		

13

1.3 GLENDALE TRADERS

1.3.1 Explain how a debtors' age analysis can assist with internal control over debtors.

2

1.3.2 Calculate the percentage of total debts exceeding the credit terms.

4

1.3.3 Explain ONE problem (with figures) relating to EACH of the following debtors:

DEBTOR	PROBLEM WITH FIGURES
D Pillay	
W Patel	

4

1.3.4 Explain TWO problems (with figures) relating to debtor D Gouws.

4

TOTAL MARKS
30

QUESTION 2**2.1 VAT****2.1.1**

(a)	
(b)	
(c)	
(d)	

4

2.1.2

No.	VAT AMOUNT	INCREASES THE AMOUNT DUE TO SARS	DECREASES THE AMOUNT DUE TO SARS
(a)			
(b)			
(c)			

10

2.2 INVENTORY VALUATION**2.2.1**

Give a reason why the business uses the weighted average method to value the stock of tyres.

2

2.2.2

Calculate: Value of closing stock on 28 February 2017

10

2.2.3

Calculate: Cost of sales

3

Calculate: Gross profit

3

Calculate: Average stock-holding period (in days)

5

2.2.4

Should the owner be satisfied with the stock-holding period calculated above? Explain. Quote figures. NOTE: The stock-holding period for 2016 was 70 days.

3

TOTAL MARKS
40

QUESTION 3**3.1**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2**3.2.1 Factory Overhead Cost Note**

14

3.2.2 Production Cost Statement for the year ended 28 February 2017

Prime cost	
Total manufacturing cost	4 824 000
Cost of production of finished goods	

10

3.2.3 Infinity Hats are considering importing raw materials at a lower price than they are currently paying.

Provide TWO points they should consider before deciding.

4

3.3 SANYATI BAKERY

3.3.1		PROBLEM WITH FIGURES	SOLUTION
	Doughnut factory		
	Cake factory		

6

3.3.2 Provide workings to show that the break-even point of 158 298 units for the doughnuts in 2016 was correctly calculated.

3

3.3.3 Explain why Damon should be concerned over the break-even point of doughnuts. Quote figures.

3

3.3.4

PRODUCT	COMMENT ON PRICE AND DEMAND (WITH FIGURES)
Doughnuts	
Cakes	

6

TOTAL MARKS
50

KEEP THIS PAGE BLANK.

QUESTION 4**4.1**

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2 MTOMBENI LTD**4.2.1****Calculate: Carrying value of the vehicle sold on 30 November 2016**

5

Calculate: Total depreciation on equipment on 28 February 2017

7

4.2.2 MTOMBENI LTD

Income Statement (Statement of Comprehensive Income) for the year ended 28 February 2017:

Sales (5 500 000	
Cost of sales (3 150 000	
Operating expenses	
Directors' fees	380 000
Audit fees	54 000
Operating profit	
Interest income	
Net profit after interest income	
Net profit before tax	
Income tax	
Net profit after tax	864 000

54

TOTAL MARKS

70

QUESTION 5**5.1**

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2 MIHKA LTD**5.2.1 ORDINARY SHARE CAPITAL****Authorised Share Capital****800 000 ordinary shares****Issued Share Capital**

600 000	Ordinary shares on 1 January 2016	4 200 000
100 000		

6

RETAINED INCOME

Balance on 1 January 2016	276 000

9

5.2.2

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	1 237 400

9

5.2.3 Amounts in the Cash Flow Statement:**Calculate: Change in fixed deposit**

3

Calculate: Proceeds on disposal of equipment

6

5.2.4 Calculate: Mark-up percentage on cost

4

Calculate: Debt-equity ratio

4

Calculate: Net asset value (in cents)

3

- 5.2.5** The financial director was questioned about the decision to increase the loan. Explain what he should say to justify this decision. Quote TWO financial indicators (with figures).

6

- 5.2.6** Ashraf, a new shareholder, bought 70 000 shares on 31 August 2016. He expected the company to distribute at least 80% of its earnings as it did in 2015.

Ashraf is unhappy with the dividend pay-out policy for 2016. Provide a calculation to support his opinion.

3

Explain TWO points to support the company's decision regarding dividends for 2016.

4

5.2.7

Comment on the re-purchase price paid for the 40 000 shares on 30 December 2016. Provide TWO financial indicators (with figures) in your comment.

4

TOTAL MARKS
65

QUESTION 6

6.1

Comment on the control of EACH item and give ONE point of advice in each case.

	COMMENT	ADVICE
Telephone		
Staff training		

4

6.2

Identify TWO items incorrectly entered in the Cash Budget.

2

6.3

CREDITORS' PAYMENT SCHEDULE

MONTH	CREDIT PURCHASES	MAY	JUNE
March	R64 000	6 400	
April	R72 000	10 800	
May		57 000	
June	R96 000		
		74 200	

9

6.4

	CALCULATION	AMOUNT
(i)	Cash sales	
(ii)	Cash purchases of stock	
(iii)	Delivery expenses	
(iv)	Salaries and wages	
(v)	Repayment of loan	
(vi)	Cash at end of month	
(vii)	Cash deficit for the month	

6.5

Piet wants to save on costs by not offering a free delivery service. Is this a good idea? Explain.

3

6.6

Explain ONE advantage and ONE disadvantage of each option.

OPTION	ADVANTAGE	DISADVANTAGE
Raise a new loan		
Hire (lease) the assets from Computer Solutions		
Ask a friend to become equal partner		

6

TOTAL MARKS
45

TOTAL: 300