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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 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2

Calculate the amount receivable from or payable to SARS for VAT on 30 April 2019.

Workings	Answer

Receivable/Payable:

11

1.3 BANK RECONCILIATION**1.3.1 Calculate the correct Bank Account balance on 31 May 2019.**

Provisional Bank balance R19 400

Favourable/Unfavourable:

9

1.3.2 Bank Reconciliation Statement on 31 May 2019

		DEBIT	CREDIT

7

1.3.3 State TWO internal control measures that the business can use to ensure that this will not happen in the future.

4

TOTAL MARKS

35

QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

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

Workings	Answer

8

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

Workings	Answer

5

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

8

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

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2 AUDIT REPORT

4.2.1

Choose the correct word from those given in brackets.

Give ONE reason.

3

4.2.2

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

2

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.

4

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
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

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

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	

12

5.2.2 Calculate: Income tax paid

Workings	Answer

4

Calculate: Dividends paid

Workings	Answer

4

5.2.3 Cash effects of investing activities

9

Net change in cash and cash equivalents		
		4

5.2.4 Calculate: Acid-test ratio

Workings	Answer

4

Calculate: Debt-equity ratio

Workings	Answer

4

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

Workings	Answer

5

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

6

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.

5

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

4

5.2.7

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

4

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

2

5.2.8

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

4

TOTAL MARKS
75

QUESTION 6

6.1

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

2

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

7

6.3

Calculate the total purchases for April 2019.

Workings	Answer

2

6.4

DEBTORS' COLLECTION SCHEDULE

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

8

6.5.1 Comment on the following (provide figures):**Effect of the advertising on sales**

3

Payment to creditors

2

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

4

Explain whether these were good strategies, or not. Provide ONE point with figures.

2

TOTAL MARKS
30

TOTAL: 300