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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2016

SPECIAL ANSWER BOOK

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

This answer book consists of 16 pages.

QUESTION 1

- 1.1 Explain how the Creditors' Reconciliation Statement can assist the business in terms of their internal control measures. State TWO points.

| |
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| 4 |

- 1.2 Calculate the correct balance of Pikor Suppliers in the Creditors' Ledger Account of Machu Traders. Show the changes to the figure R116 400.

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

- 1.3 Creditors' Reconciliation Statement for Pikor Suppliers on 30 April 2015

| Details | Amount |
|----------------------------------|--------|
| Balance per statement of account | |
| | |
| | |
| | |
| | |
| | |
| Correct balance | |

| |
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| |
| 10 |

1.4

The owner of Machu Traders is not completely satisfied with the service and quality of goods received from Pikor Suppliers. Suggest TWO factors he should consider before changing suppliers.

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| TOTAL MARKS |
| |
| 30 |

QUESTION 2**2.1 CONCEPTS**

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

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2.2 STAR WHEELS MANUFACTURERS**2.2.1 DIRECT LABOUR COST**

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FACTORY OVERHEAD COST

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| |
| 13 |

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

| | |
|---|------------------|
| Direct (raw) material cost | 2 100 000 |
| | |
| Prime cost | |
| | |
| Total manufacturing cost | |
| Work-in-process (beginning of year) | 160 000 |
| | |
| | |
| Cost of production of finished goods | |

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| |
| 10 |

2.3 NUTRITIOUS EATS

2.3.1 Calculate the break-even point for the year ended 31 October 2015.

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2.3.2 Should the business be satisfied with the number of units that they produced and sold during the current financial year? Explain. Quote figures.

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2.3.3 Give TWO possible reasons for the increase in the direct material cost per unit in the current financial year.

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2.3.4 Craig suggests that, in order to improve financial results in the new financial year, the quantity of cereal per box must be reduced by 10% and the selling price must remain the same. Give TWO valid reasons why he should not do this.

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| 4 |

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| TOTAL MARKS |
| |
| 50 |

QUESTION 3**3.1 VAT CONCEPTS**

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

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| 3 |

3.2 VAT CALCULATIONS

Calculate the correct amount of VAT the business has to pay. Show ALL workings.

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| 12 |

3.3 INVENTORY VALUATION

3.3.1 (a) Calculate the closing stock of Johx watches on 31 August 2015.

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| 5 |

(b) Calculate the cost of sales of Johx watches for the year ended 31 August 2015.

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(c) Calculate the average stock-holding period (in days) of Johx watches on 31 August 2015.

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3.3.2 (a) Calculate the closing stock of Kwatz watches on 31 August 2015.

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| 7 |

(b) Calculate the sales of Kwatz watches on 31 August 2015.

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3.3.3 Explain why the business uses different methods to value each type of watch. State ONE valid point.

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| 2 |

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| TOTAL MARKS |
| |
| 40 |

QUESTION 4

4.1

| MUSICA LIMITED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 | |
|--|------------------|
| Sales (8 412 000 | |
| Cost of sales (4 595 000 | |
| Gross profit | |
| Other income | |
| Commission income | 64 140 |
| | |
| Gross income | |
| Operating expenses | |
| Sundry expenses | 257 400 |
| Bank charges | 41 905 |
| Audit fees | 75 600 |
| | |
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| | |
| Operating profit | |
| Interest income | 3 000 |
| Profit before interest expense | |
| Interest expense | |
| Net profit before tax | |
| Income tax | (300 300) |
| Net profit after tax | |

4.2 TRADE AND OTHER RECEIVABLES

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| 10 |

4.3 AUDIT REPORT

4.3.1 The audit report is an example of a/an (qualified/unqualified/disclaimer of opinion) audit report.

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| |
| 1 |

4.3.2 Who is the audit report addressed to? Give a reason for your answer.

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| |
| 2 |

4.3.3 Explain why it is likely that this audit report will have a negative effect on the value of the shares of this company on the JSE.

| |
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| |
| 2 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 65 |

QUESTION 5**5.1****ASSET DISPOSAL**

| 2015 Aug. | 31 | | | 2015 Aug. | 31 | | |
|--------------|----|--|--|--------------|----|--|--|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

9

5.2

| No. | Calculation | Amount |
|-----|-------------|--------|
| (a) | | |
| (b) | | |
| (c) | | |

12

5.3.1 Calculate the income tax paid.

5

5.3.2 Calculate the net change in cash and cash equivalents.

4

5.4 Cash effects on financing activities

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5.5.1 Calculate the net asset value per share.

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5.5.2 Calculate the return on average shareholders' equity.

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5.5.3 Calculate the debt-equity ratio.

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- 5.6.1** The directors are not satisfied with the liquidity position. Quote and explain **THREE** relevant financial indicators (with figures) to support this statement.

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- 5.6.2** The directors decided to increase the loan during the current financial year. Explain why this was a good decision. Quote and explain **TWO** financial indicators (with figures) in your answer.

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| 8 |

- 5.6.3** The directors were pleased with the price that the company paid to buy back the 40 000 shares. Give a suitable reason why the directors felt that way. Quote relevant financial indicators (with figures) to support your answer.

| |
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| 3 |

| TOTAL MARKS |
|-------------|
| |
| 65 |

QUESTION 6**6.1 KOBUS HARDWARE**

6.1.1 Calculate the missing amounts indicated by (a) to (e) in the Cash Budget for March and April 2016.

| | Calculation | Amount |
|-----|-------------|--------|
| (a) | | |
| (b) | | |
| (c) | | |
| (d) | | |
| (e) | | |

| |
|----|
| |
| 17 |

6.1.2 Complete the Debtors' Collection Schedule.

| | CREDIT SALES | MARCH | APRIL |
|----------|--------------|---------|-------|
| FEBRUARY | * | 76 000 | |
| MARCH | * | 68 400 | * |
| APRIL | 158 400 | | * |
| | | 144 400 | * |

| |
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| 8 |

6.1.3 Calculate the percentage increase in sundry expenses.

| | |
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- 6.1.4** The Cash Budget for March and April 2016 indicates that this business will face serious financial difficulties. Identify TWO items to support this statement. Quote relevant figures.

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| 4 |

- 6.1.5** Refer to Information K. Explain why each of the items reflects a problem for the business. State TWO points in EACH case.

| Item | Explanation |
|-------------------------|--------------------------|
| Collection from debtors | Point 1: Point 2: |
| Payments to creditors | Point 1: Point 2: |
| Insurance | Point 1: Point 2: |
| Drawings | Point 1: Point 2: |

(4 x 2)

| |
|---|
| |
| 8 |

6.2 MANAGEMENT OF FIXED ASSETS

Identify **ONE** problem regarding each vehicle/driver. Quote figures to support your answers. Give Kobus **ONE** point of advice for **EACH** problem identified.

| | Problem with figures | Advice |
|------------------------------|----------------------|--------|
| Vehicle 1 (Leroy) | | |
| Vehicle 2 (Fred) | | |
| Vehicle 3 (Bheki) | | |

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

| |
|--------------------|
| TOTAL MARKS |
| |
| 50 |

TOTAL: 300