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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2016

SPECIAL ANSWER BOOK

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

This answer book consists of 15 pages.

Sticker

4

8

6

8

1.2.3 Calculate the break-even point for 2016.

5

Explain whether the owner should be concerned or not. Provide figures.

3

1.2.4 The owner is not satisfied with the internal control of the raw material (fabric).

	STOREROOM: Raw material stolen	FACTORY: Raw material wasted
CALCULATION: metres of fabric		
STRATEGY		

11

TOTAL MARKS
45

QUESTION 2**2.1.1**

Simply Traders have the telephone numbers of all their debtors. What other information should they obtain before allowing customers to open accounts? State TWO points with a reason in EACH case.

	Information to be obtained	Reason
Point 1		
Point 2		

4

2.1.2

Calculate the correct closing balance of the Debtors' Control Account on 31 October 2016.

6

Calculate the correct amounts owing by debtors.

	Calculations	Balance
J Ramsay (D2)	37 500	
W Smith (D3)	19 500	
C Prince (D5)	3 900	

12

2.1.3

Calculate the percentage of debtors complying with the credit terms.

4

Explain TWO measures to improve the collection from debtors.

4

2.2

Calculate the amount receivable from or payable to SARS for VAT on 31 August 2016.**Receivable/Payable:**

10

TOTAL MARKS
40

QUESTION 3**3.1**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 AUDIT REPORT**3.2.1**

To whom is the audit report addressed?

1

3.2.2

Who has to ensure that the financial statements are prepared and presented at the annual general meeting?

1

3.2.3

Fralezi Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.
Explain your choice.

2

3.2.4

Explain why the independent auditors referred to pages 11–29 in the report.

2

3.3 FRALEZI LTD
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

Sales	
Cost of sales	
Gross profit	
Other income	
Operating expenses	
Directors' fees	
Salaries and wages	
Sundry expenses	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before tax	
Income tax for the year	
Net profit after tax	504 000

TOTAL MARKS
70

60

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2.1 **ORDINARY SHARE CAPITAL:****AUTHORISED SHARE CAPITAL**

1 500 000 ordinary shares

ISSUED SHARE CAPITAL

900 000	Ordinary shares on 1 July 2015	9 180 000

7

RETAINED INCOME:

Balance on 1 July 2015	360 000
Net profit after tax	444 500
Balance on 30 June 2016	

9

4.2.2

Calculate the change in loan for the Cash Flow Statement.

2

Calculate the income tax paid for the Cash Flow Statement.

4

4.2.3

Net change in cash and cash equivalents

4

4.2.4

Calculate the acid-test ratio on 30 June 2016.

4

Calculate the debt-equity ratio on 30 June 2016.

3

Calculate the % return on average shareholders' equity (ROSHE) for the year ended 30 June 2016.

5

Calculate the net asset value per share (NAV) on 30 June 2016.

3

4.2.5

The liquidity of the company has improved. Quote **THREE** financial indicators to support this statement. Provide figures and trends.

6

4.2.6

Provide calculations to show the change in the dividend pay-out policy.

4

Explain why the directors decided to change the policy. State **ONE** point with figures.

2

- 4.2.7 (a) Calculate Mary's % shareholding on 1 October 2015 after the repurchase of shares.

4

- (b) Explain how Mary has benefitted from the decision to repurchase the shares.

2

- (c) The independent auditor discovered that Mary had made the decision to repurchase the shares without informing the board of directors. Why should the independent auditor be concerned about this?

2

- 4.2.8 The Cash Flow Statement reflected fixed assets purchased to the amount of R4,5 million.

Major sources of funding with figures (over R1 000 000 each)	Good/Bad decision	Explanation with financial indicators/figure
Source 1:		
Source 2:		

10

TOTAL MARKS
75

QUESTION 5**5.1 INVENTORY VALUATION**

5.1.1 Explain the FIFO valuation method.

Explain the specific identification valuation method.

4

5.1.2 Calculate the cost price per laptop on hand on 1 October 2015.

2

5.1.3 Calculate the value of the closing stock on 30 September 2016.

9

5.2 MANAGEMENT OF INVENTORIES

5.2.1 What decision did Kyle take regarding the selling price of the desks? Provide figures.

2

How has this decision affected the business? State TWO points. Provide figures.

4

5.2.2 Was it a good idea for Kyle to change to a cheaper supplier of chairs?

YES/NO: _____

Explain TWO points. Provide figures.

5

5.2.3 Based on the information given, provide TWO separate suggestions to Kyle to improve the profit on printers in 2017.

Suggestion 1 (with figures):

Suggestion 2 (with figures):

4

TOTAL MARKS
30

QUESTION 66.1.1 **TWO items recorded incorrectly in the Cash Budget:**

2

6.1.2 **TWO items in the Cash Budget that would NOT appear in a Projected Income Statement:**

2

6.2 **DEBTORS' COLLECTION SCHEDULE**

MONTHS	CREDIT SALES	SEPTEMBER	OCTOBER
July	120 000	8 400	
August	151 200	60 480	
September	172 800	86 400	
October			
		155 280	

9

6.3 **AMOUNTS FOR THE CASH BUDGET**

WORKINGS		AMOUNT
(a)	Cash sales for September	
(b)	Payments to creditors for October	
(c)	Directors' fees for October	
(d)	Interest on loan for October	

18

6.4.1

The directors changed the method of payment to the salespersons.
Explain how this has benefitted the salespersons. Quote figures.

Explain how this has benefitted the business. Quote figures.

4

6.4.2

The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.

5

TOTAL MARKS
40

TOTAL: 300