

**CENTRE NUMBER**

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**EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**FEBRUARY/MARCH 2017**

***SPECIAL ANSWER BOOK***

<b>QUESTION</b>	<b>MARKS</b>	<b>INITIAL</b>	<b>MOD.</b>
1			
2			
3			
4			
5			
6			
<b>TOTAL</b>			

**This answer book consists of 16 pages.**

Sticker

**QUESTION 1**

**1.1 CONCEPTS**

1.1.1	
1.1.2	
1.1.3	

3

**1.2 VALUE-ADDED TAX (VAT)**

**1.2.1 Calculate the amount of VAT either receivable from or payable to SARS on 31 July 2016.**

Receivable/Payable: \_\_\_\_\_

9

**1.2.2 The owner wants to change the VAT amount on bad debts from R840 to R4 200. Give ONE reason why you would disagree with him.**

2

**1.3 BANK RECONCILIATION**

**1.3.1 Calculate the correct balance of the Bank Account in the General Ledger on 31 July 2016.**

<b>Provisional Bank balance</b>	<b>R16 785</b>
<b>Correct Bank balance</b>	

Favourable/Unfavourable: \_\_\_\_\_

<b>8</b>

**1.3.2 Bank Reconciliation Statement as at 31 July 2016**


<b>6</b>

**1.3.3 Explain ONE internal control measure that the business should implement to ensure that this will not happen in the future.**

<b>2</b>

<b>TOTAL MARKS</b>
<b>30</b>

**QUESTION 2**

**2.1 CONCEPTS**

2.1.1		
2.1.2		
2.1.3		3

2.2.1

Calculate the unit price of cricket bats on 1 July 2015.	
	2

2.2.2

Calculate the value of the stock on hand on 30 June 2016 using the weighted-average method.	
	10

2.2.3

Calculate the gross profit on 30 June 2016.	
	5

2.2.4 Calculate how long (in days) it is expected to sell the closing stock of 465 cricket bats. Use the closing stock in your calculation.

4

2.2.5 Provide a calculation to support André's concern about the control of cricket bats.

How can André solve this problem? Explain ONE point.

7

2.3 Identify ONE problem relating to each branch. Quote figures to support your answer. In each case, offer Bennie advice.

BRANCH	PROBLEM (with figures)	ADVICE
Parys		
Pretoria		
Pofadder		

9

<b>TOTAL MARKS</b>
40

**QUESTION 3**

**3.1 GANDHI LTD  
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017**

<b>Sales</b>		
<b>Cost of sales</b>		
<b>Gross profit</b>	<b>3 150 000</b>	
<b>Other income</b>		
<b>Commission income</b>	<b>12 000</b>	
<b>Gross income</b>		
<b>Operating expenses</b>		
<b>Salaries and wages</b>	<b>824 000</b>	
<b>Depreciation</b>	<b>216 500</b>	
<b>Sundry expenses</b>		
<b>Operating profit</b>		
<b>Interest income</b>		
<b>Net profit before interest expense</b>		
<b>Interest expense</b>		
<b>Net profit before tax</b>		
<b>Income tax</b>	<b>(396 800)</b>	
<b>Net profit after tax</b>		<b>33</b>

**3.2.1 ORDINARY SHARE CAPITAL**

**AUTHORISED SHARE CAPITAL**

1 200 000 ordinary shares

**ISSUED SHARE CAPITAL**

	Ordinary shares on 1 March 2016	3 084 000	
			10

**3.2.2 RETAINED INCOME**

Balance on 1 March 2016	674 500	
Ordinary share dividends		
Balance on 28 February 2017		10

**3.3 EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET**

<b>SHAREHOLDERS' EQUITY</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		16

3.4.1 Calculate B Sly's percentage shareholding in the company before and after the share buy-back.

Before the buy-back:

After the buy-back:

4

3.4.2 Explain why the other shareholders will be concerned about this transaction.

2

TOTAL MARKS
75

**QUESTION 4**

**4.1 CONCEPTS**

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

**4.2 BRAZILIA LTD**

**4.2.1 State ONE purpose of a Cash Flow Statement.**

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2

**4.2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash generated from operations	2 844 200
Interest paid	(336 000)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Fixed assets purchased	(1 360 000)
Change in fixed deposit	240 000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>179 500</b>

27

4.2.3

Calculate the acid-test ratio.

4

Calculate the % return on average shareholders' equity (ROSHE).

4

Calculate the earnings per share (EPS).

3

4.3 GRAYSON LTD AND JONI LTD

4.3.1 Which company is NOT handling its working capital effectively?

Explain what the main problem is in respect of their working capital, by quoting TWO financial indicators.

7

**4.3.2** The companies have made different decisions regarding the use of loans. Comment on the degree of risk and financial gearing. Give ONE financial indicator in EACH case for EACH company.

	DEGREE OF RISK	FINANCIAL GEARING
Grayson Ltd	Financial indicator:	Financial indicator:
Joni Ltd	Financial indicator:	Financial indicator:
Comment		

7

**4.3.3** The dividend policy used by each company has been maintained for the past four years. Explain the policy used by EACH company. Provide figures to support your explanation in EACH case.

	EXPLANATION (with figures)
Grayson Ltd	
Joni Ltd	

6

4.3.4 Should EACH company be satisfied with its share price on the JSE? Explain. Provide figures.

	EXPLANATION (with figures)
Grayson Ltd	
Joni Ltd	

6

TOTAL MARKS
70

**QUESTION 5**

**5.1 MOSES MANUFACTURERS**

**5.1.1 PRODUCTION COST STATEMENT ON 30 APRIL 2016**

<b>Direct labour cost</b>	<b>716 960</b>	
<b>Prime cost</b>		
<b>Total manufacturing cost</b>		
<b>Work in process at beginning of year</b>	<b>142 000</b>	
<b>Cost of production of finished goods</b>		<b>16</b>

**5.1.2 Complete the abridged (shortened) Income Statement to calculate the net profit for the year ended 30 April 2016.**

<b>Gross profit</b>	<b>1 250 000</b>	
<b>Net profit</b>		<b>8</b>

**5.2 UNIT COSTS AND BREAK-EVEN ANALYSIS**

5.2.1 Explain the difference between *fixed cost* and *variable cost*.

2

5.2.2 Calculate the break-even point for 2017.

5

5.2.3 Comment on the break-even point and the level of production for 2016 and 2017. Explain why the owner should be satisfied or not.

6

5.2.4 Identify the variable cost that should be of great concern to the owner. Explain and provide a calculation to support your answer.

4

5.2.5 Despite the fact that there was a decrease in the fixed costs per unit, the owner is still not satisfied with his control over the fixed costs. Explain and provide calculation(s) to support his opinion.

4

TOTAL MARKS
45

**QUESTION 6**

6.1 Calculate the expected monthly percentage of goods sold on credit.

4

6.2 Debtors Collection Schedule for March 2017

MONTH	CREDIT SALES	FEBRUARY	MARCH
December 2016	74 000	16 280	
January 2017	68 000	27 200	*
February 2017	70 000	24 010	*
March 2017	64 000		*
Cash from debtors		67 490	*

5

6.3.1 Explain why the owner is concerned. Give TWO reasons with supporting figures.

4

6.3.2 Suggest ONE solution for this problem.

2

6.4.1

		WORKINGS	ANSWER
(a)	Payment to creditors		
(b)	Salaries of sales assistants		

6

5

6.4.2 Calculate the percentage increase in rent on 1 March 2017.

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6.4.3 Calculate the amount of the interest on investment expected to be received in March 2017.

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4

6.5 Identify TWO payments that you consider to be poorly managed in February 2017. In EACH case, give a suggestion to improve the internal control of the items identified.

PAYMENT	ADVICE

6

<b>TOTAL MARKS</b>
40

**TOTAL: 300**