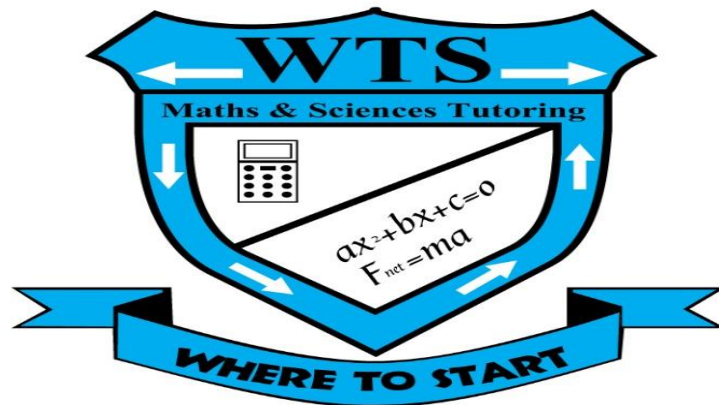


WTS TUTORING



ACCOUNTING ANSWER BOOK

GRADE 12

CAPS PAPERS & SOLUTIONS

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CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2014

SPECIAL ANSWER BOOK

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

This answer book consists of 19 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 Calculate the final amount payable to SARS on 31 July 2014.

9

1.3 1.3.1 Calculate the total amount paid for carriage on the purchases on 11 June 2014.

4

1.3.2 Calculate the value of the closing stock on 30 June 2014 using the weighted-average method.

8

1.3.3 Explain the effect that this will have on the gross profit.

ONE valid reason for changing the stock valuation method:

ONE valid reason against changing the stock valuation method:

6

1.3.4 Harry is concerned about the control of his stock of blazers. He has sold 2 900 blazers during the year. Give a calculation to support his concern.

4

TOTAL MARKS
35

QUESTION 2

2.1 The bookkeeper, Litzie, says it is not necessary for her to prepare a **Creditors' Reconciliation Statement** because the creditors send monthly statements to the business anyway. What would you say to her? **State TWO points.**

4

2.2

No.	Creditors' Ledger of KZ Stores	Statement of account received from Valley Ltd
Balance	112 820	182 150
A	- 9 000	- 9 000
B		
C		
D		
E		
F		
G		
H		

16

2.3 2.3.1 Explain what action should be taken against J van Wyk. State TWO points.

4

2.3.2 What must the business do to prevent a similar incident in future? Explain THREE points.

6

TOTAL MARKS
30

QUESTION 3**3.1 3.1.1 SHARE CAPITAL****AUTHORISED SHARE CAPITAL**

750 000 ordinary shares

ISSUED SHARE CAPITAL

_____	Ordinary shares in issue on 1 March 2013		
80 000	Ordinary shares issued during the year		
(75 000)	Ordinary shares re-purchased (average price of _____)		
_____	Ordinary shares in issue on 28 February 2014		9

3.1.2 RETAINED INCOME

Balance on 1 March 2013	322 500	
Ordinary share dividends		
Balance on 28 February 2014		11

**3.2 VIJAY LIMITED
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ON
28 FEBRUARY 2014**

ASSETS	
Non-current assets	
Financial asset: Fixed deposit	650 000
Current assets	
Inventories	275 400
Trade and other receivables	
Cash and cash equivalents	336 600
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Shareholders' equity	
Non-current liabilities	
Current liabilities	
TOTAL EQUITY AND LIABILITIES	

3.3 Calculate the return on average shareholders' equity for 2014.

5

3.4 From 2013 to 2014 the directors made a deliberate decision to change the policy on the distribution of profits in the form of dividends. Comment on this change. Quote financial indicators or figures to support your answer.

4

3.5 Comment on whether the shareholders should be satisfied with the percentage return and the market price of their shares. Quote TWO relevant financial indicators (actual figures/ratios/percentages) and their trends. Give an additional comment in each case.

6

3.6 The external auditors, Hassan and Jacob, have employed Janet to work on the audit of Vijay Ltd. Janet owns 10 000 shares in Vijay Ltd.

Explain why this is a problem.

Give a valid solution.

4

TOTAL MARKS
65

QUESTION 4

- 4.1 Calculate the missing amounts (indicated by a, b and c) in the Fixed/Tangible Asset Note for the year ended 28 February 2014.

NO.	WORKINGS	AMOUNT
a		
b		
c		

12

4.2 **METEOR SUPERMARKETS LTD**
CASH FLOW STATEMENT FOR YEAR ENDED 28 FEBRUARY 2014

Cash flow from operating activities	
Cash generated from operations	969 600
Interest paid	(88 500)
Cash flow from investing activities	
Cash flow from financing activities	
Net change in cash and cash equivalents	
Cash and cash equivalents at beginning of year	2 488 000
Cash and cash equivalents at end of year	

31

- 4.3 At the AGM, a shareholder stated that the Cash Flow Statement reflects poor decisions by the directors. Explain TWO points, with relevant figures, to support his opinion.

Point 1:

Point 2:

4

- 4.4 4.4.1 Calculate the net asset value per share for 2014.

3

- 4.4.2 Calculate the debt-equity ratio for 2014.

3

- 4.5 **Comment on the liquidity position of the company. Quote THREE relevant financial indicators (actual figures/ratios/percentages) and their trends.**

Financial indicator 1 and trend:

Financial indicator 2 and trend:

Financial indicator 3 and trend:

General comment:

9

- 4.6 **The directors decided to increase the loan during the current financial year. Quote TWO financial indicators (actual figures/ratios/percentages) that are relevant to their decision. Explain why this was a good decision, or not.**

Financial indicator 1:

Financial indicator 2:

Explanation:

8

- 4.7 The Bakker family owns 740 000 shares in this company. Explain the effect that the repurchase of shares on 31 December 2013 had on their control of the company. Give a calculation(s) to support your answer.

5

TOTAL MARKS
75

QUESTION 5

- 5.1 List **FOUR** items that should not have been placed in this Cash Budget.

4

5.2 **CREDITORS' PAYMENT SCHEDULE**

MONTH	CREDIT PURCHASES	OCTOBER	NOVEMBER	DECEMBER
August	64 000	9 600		
September	67 200	50 400	10 080	
October	74 000	7 030	55 500	*
November	68 000		6 460	*
December	*			*
		67 030	72 040	*

9

- 5.3 5.3.1 Calculate the total sales for September 2014.

3

- 5.3.2 Calculate the percentage increase in rent income in December 2014.

3

5.3.3 Calculate the salaries and wages amount for December 2014.

3

5.3.4 Calculate the rate of interest on the loan.

4

5.4 5.4.1 Calculate the period for which enough stock is on hand (in days) on 30 September 2014.

Explain whether this is appropriate for the business.

6

5.4.2 Calculate the mark-up percentage achieved for the year ended 30 September 2014.

4

5.4.3 Comment on whether or not the change in the mark-up percentage has benefited the business. Give a calculation(s) to support your opinion.

4

TOTAL MARKS
40

QUESTION 6

6.1 BRIAN'S BRELLIES

6.1.1 Calculate the direct labour cost.

5

6.1.2 **FACTORY OVERHEAD COST**

Sundry factory expenses	30 975

19

6.1.3 **PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 JULY 2014**

Direct material cost	623 700
Prime cost	
Total production cost	
Cost of production of finished goods	

10

6.2 BEN'S CATERING

6.2.1 Identify **ONE** unit cost for doughnuts and **TWO** unit costs for pies that were major problems in 2014, considering that the inflation rate was 5%.

ONE unit cost for doughnuts (Quote figures.)	Problem and advice
	Possible cause of the problem: Advice:
TWO unit costs for pies (Quote figures.)	Problem and advice
	Possible cause of the problem: Advice:
	Possible cause of the problem: Advice:

- 6.2.2 Calculate the number of extra doughnuts he must produce and sell to make an additional profit of R15 000. Assume that the unit costs and selling price for 2014 remain unchanged.

4

- 6.2.3 Name the product which has been negatively affected by the new competitor.
- Comment on how this would have affected the net profit on this product.

5

TOTAL MARKS
55

TOTAL: 300

CENTRE NUMBER

--	--	--	--	--	--	--	--

EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE**ACCOUNTING****GRADE 12****FEBRUARY/MARCH 2015*****SPECIAL ANSWER BOOK***

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

This answer book consists of 17 pages.

QUESTION 1**1.1 CONCEPTS**

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 BANK RECONCILIATION

1.2.1 Explain how this loss of R24 000 would be treated in the books.

Explain how Roy can prevent a loss of this nature in the future.
Provide TWO points.

4

1.2.2 Calculate the correct Bank account balance on 31 October 2014.

6

1.2.3 Give a suitable reason for the entry from the Bank Reconciliation Statement of the amount incorrectly debited, R2 500.

2

- 1.2.4 The office assistant of Manto Traders takes money from the cash register to make payments for business expenses.
 Explain why this is bad accounting practice.

 Provide ONE point of advice to Roy.

4

1.3 CREDITORS' RECONCILIATION

- 1.3.1 Calculate the correct balance for ML Suppliers in the Creditors' Ledger of Nkomazi Traders. Use R47 064 as your starting point.

Balance as per Ledger Account	47 064

8

- 1.3.2 CREDITOR'S RECONCILIATION STATEMENT ON 30 SEPTEMBER 2014

Balance as per Creditor's Statement	40 271

7

TOTAL MARKS
35

QUESTION 2

- 2.1 Calculate the value of the closing stock of 145 television sets on 28 February 2015 using the FIFO method.

7

- 2.2 Calculate the cost of sales.

6

Calculate the average mark-up % achieved for the year.

4

- 2.3 Provide a calculation to prove whether the information given by the cleaner is true or not.

6

- 2.4 Jane is concerned that the final stock of 145 television sets is not appropriate for her business. Provide a calculation or figures to support her opinion and explain.

Calculation/Figures:

Explanation:

4

- 2.5 Comment on whether or not Jane's strategy of adjusting the selling prices has benefitted the business. Provide figures to support your answer.

4

- 2.6 Provide TWO points to assist Jane in improving internal control in her business.

4

TOTAL MARKS
35

QUESTION 3

3.1

Choose a description from **COLUMN B** that matches a term/concept in **COLUMN A**. Write only the letter (A–E) next to the question number (3.1.1–3.1.5).

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2.1 **ORDINARY SHARE CAPITAL**

Authorised: 1 000 000 ordinary shares	
Issued:	

7

RETAINED INCOME

Balance on 1 July 2013	
Ordinary share dividends	
Balance on 30 June 2014	

10

TRADE AND OTHER RECEIVABLES

Net trade debtors	

10

3.2.2 BARGAIN TRADERS LTD
BALANCE SHEET ON 30 JUNE 2014

ASSETS	
NON-CURRENT ASSETS	
Fixed/Tangible assets	
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Ordinary share capital	
Retained income	
NON-CURRENT LIABILITIES	
Loan: Drake Bank	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL EQUITY AND LIABILITIES	

3.2.3 Calculate the net asset value (NAV) per share on 30 June 2014.

3

3.2.4 Comment on the price offered for the shares that were repurchased. Quote relevant financial indicators (actual figures/ratios/percentages) to support your comment.

3

3.2.5 Calculate Kyle Mason's percentage shareholding after the proposed share buy-back on 31 August 2014.

3

As a shareholder, explain your concern regarding the proposed repurchase of shares.

Provide TWO questions you would ask the directors at the annual general meeting.

6

TOTAL MARKS
75

QUESTION 4

4.1 What is the main purpose of a Cash Flow Statement?

2

4.2 Calculate the missing amounts (indicated by a, b, c and d) in the Fixed/Tangible Asset Note for the year ended 31 October 2014.

	Workings	Amount
a		
b		
c		
d		

9

4.3 **CLASSICO LIMITED**
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2014

CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	1 985 500
Interest paid	(175 500)
Taxation paid	
Dividends paid	
CASH FLOW FROM INVESTING ACTIVITIES	
CASH FLOW FROM FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING	
CASH AND CASH EQUIVALENTS AT END	

24

4.4

Decisions by directors	Reason to support John's opinion	Reason to support directors' decision (other than improving cash flow)
Issued more shares		
Sold fixed assets		

8

4.5

Calculate the acid-test ratio.

4

Calculate the earnings per share.

3

Calculate the return on average shareholders' equity.

5

Calculate the debt-equity ratio.

3

4.6

The directors are proposing that the business operations be expanded in the new financial year. One of the directors suggested that they finance the expansions by taking a loan of R1 000 000, instead of issuing new shares to the public. Quote and explain TWO financial indicators to support his opinion.

6

4.7

4.7.1 Calculate the amount of dividends Bongani would earn for the financial year ending 31 October 2014.

3

4.7.2 Should Bongani be satisfied with the dividend policy of Classico Limited? Quote and explain relevant financial indicators to support your answer.

4

4.7.3 Quote and explain **ONE** relevant financial indicator, other than dividends, to discourage Bongani from selling his shares. Your answer must include the actual figure/ratio/percentage.

4

TOTAL MARKS
75

QUESTION 5

5.1 PRINCESS BIN FACTORY

5.1.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2015

Prime cost	
Total manufacturing cost	
Cost of production of finished goods	

16

5.1.2 INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2015

Gross profit	
Operating expenses	
Net profit for the year	

13

5.2 ROB'S PENCILS

5.2.1 Comment on the fixed cost per unit. Note that fixed costs increased from R236 800 in 2013 to R238 000 in 2014.

2

5.2.2 Calculate the break-even point for the year ended 30 June 2014.

4

Do you consider the level of production to be satisfactory or not? Quote and explain figures to support your opinion.

4

5.2.3 Identify **ONE** problem regarding the variable costs. Quote appropriate figures to support your answer.

Provide **TWO** suggestions that Rob can use to address the problem identified.

6

TOTAL MARKS
45

QUESTION 6

6.1 Explain the importance of comparing budgeted figures with actual figures achieved for the same period.

2

6.2 Calculate the missing amounts (indicated by a, b and c) in the Debtors' Collection Schedule for the budgeted period March to May 2015.

a	
b	
c	

4

6.3 Calculate the following:

6.3.1 Calculate the budgeted total sales for March 2015.

2

6.3.2 Calculate the amount budgeted for payments to creditors during May 2015.

4

6.3.3 Calculate the budgeted salaries of the shop assistants for April 2015.

3

6.3.4 Calculate the % increase in the salary of the manager expected in May 2015.

3

6.3.5 Calculate the amount of the additional loan expected to be acquired on 1 April 2015.

3

6.4 An official of the local municipality has offered to recommend Brakpan Stationers to supply stationery to the value of R500 000. However, he will only do this if Vukile pays him R20 000 in cash.

Give Vukile advice in this regard. State TWO points.

4

6.5 Identify **THREE** over-payments in April. Provide figures to support your answer. Provide a valid reason for each over-payment to support Vukile's decisions.

	Over-payment with figures	Valid reason
1		
2		
3		

6

Explain how this difference of opinion with his wife can be avoided in future.

2

State **TWO** other strategies that Vukile and his wife could consider in future to improve the results of the business.

2

TOTAL MARKS
35

TOTAL: 300

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2015

SPECIAL ANSWER BOOK

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

This answer book consists of 15 pages.

1.2 DEBTORS' AGE ANALYSIS

1.2.1 As the internal auditor, what concerns would you have over Susan's job description? Explain.

2

1.2.2 Identify TWO debtors who could have their credit limits increased.

2

1.2.3 Explain THREE different problems reflected by the Debtors' Age Analysis. Give evidence.

	Explanation of problem with evidence
Problem 1	
Problem 2	
Problem 3	

9

TOTAL MARKS
40

QUESTION 2**2.1 INVENTORY VALUATION**

2.1.1 Explain the difference between the *perpetual stock system* and the *periodic stock system*.

2

2.1.2 Calculate the value of the stock on hand on 28 February 2015 using the weighted-average method.

9

2.1.3 Calculate how long (in days) it will take to sell the closing stock of 650 jackets. Use the closing stock in your calculation.

5

2.1.4 Calculate the value of the closing stock using the FIFO method.

6

Give ONE reason in favour of changing to the FIFO method.

Give ONE reason against changing to the FIFO method.

4

2.2 INTERNAL CONTROL

2.2.1 Calculate the number of shirts stolen.

Give TWO points of advice.

9

Product	Comment on stock-holding period and give figures	Explanation on how it will affect the business
Jackets		
Shirts		
Jeans		

9

2.2.3 Josy is unsure whether she is charging the right prices for her products. Give her advice on EACH product. Quote figures.

Product	Advice with figures
Jackets	
Shirts	
Jeans	

6

TOTAL MARKS
50

QUESTION 3**3.1 PRIDONA LIMITED****3.1.1 Calculation of the correct net profit after tax**

Incorrect net profit	2 493 600	
Correct net profit before tax		
Income tax		
Net profit after tax		13

3.1.2 RETAINED INCOME NOTE ON 30 JUNE 2015

Balance at beginning of year	2 700 000	
Dividends		
Balance at end of year		11

**3.1.3 PRIDONA LIMITED
BALANCE SHEET AS AT 30 JUNE 2015**

ASSETS	
NON-CURRENT ASSETS	8 950 000
Fixed assets at carrying value	8 950 000
CURRENT ASSETS	
Inventories	
Trade and other receivables	
Cash and cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary share capital	5 572 000
Retained income	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL EQUITY AND LIABILITIES	

3.2 AUDIT REPORT

3.2.1 Choose the correct word from those given in brackets.

Give a reason.

2

3.2.2 Explain TWO consequences of this audit report for the company and/or the CEO.

4

TOTAL MARKS
60

QUESTION 4

4.1	4.1.1		
	4.1.2		
	4.1.3		
	4.1.4		

4

4.2 SENZO LTD

4.2.1	Calculate income tax paid.	
		5

Calculate proceeds from disposal of fixed assets (carrying value).	
	5

Calculate net change in cash and cash equivalents.	
Indicate whether this is a net inflow or net outflow of cash.	
	5

4.2.2	CASH EFFECTS OF FINANCING ACTIVITIES	
		12

4.2.3 Calculate the acid-test ratio for 2015.

4

Calculate the return on shareholders' equity (ROSHE) for 2015.
(Use average equity in your calculation.)

5

Calculate the net asset value (NAV) per share for 2015.

3

4.3 DON LTD AND KEY LTD

4.3.1 Comment on the value of the shares of the two companies on the Johannesburg Securities Exchange (JSE). Explain how this will influence your choice of company.

6

4.3.2 Compare and comment on the dividend pay-out policies of the two companies.

6

4.3.3 Comment on the degree of risk and gearing. Explain how this will influence your choice of company.

6

4.3.4 Apart from the points mentioned above, what other factors would you consider before deciding in which company you are going to invest? Explain TWO points.

4

TOTAL MARKS
65

QUESTION 5**5.1 BRUCE TRADERS****CASH BUDGET FOR NOVEMBER AND DECEMBER 2015**

CASH BUDGET	NOVEMBER 2015 R	DECEMBER 2015 R
CASH RECEIPTS:		
Cash sales		399 000
Cash from debtors	536 025	597 975
Commission income		
Total receipts		
CASH PAYMENTS:		
Cash purchases of stock		114 000
Payments to creditors	520 000	
Sundry expenses	22 500	
Total payments	935 280	874 210
Surplus (deficit)	26 745	
Opening bank balance	(56 000)	
Closing bank balance	(29 255)	

25

5.2 SLEEPEZI BEDS (PTY) LTD

5.2.1 Calculate the percentage increase in the amount budgeted for salaries and wages for October 2015.

Should the employees be satisfied with this? Explain.

3

5.2.2 The financial director is pleased with the work being done by the bookkeeper and internal auditor. Identify an expense that indicates that he is correct.

Explain your answer.

3

5.2.3 Comment on how the new competitor has affected the sales of Sleepenzi Beds. Provide figures.

Explain how Sleepenzi Beds has responded to this problem. Provide THREE points. Provide figures.

Point 1	
Point 2	
Point 3	

13

5.2.4 Comment on the cash balances. Provide figures.

Explain how the directors can improve the cash balances in future. Explain TWO points.

6

TOTAL MARKS
50

QUESTION 6

6.1 SNAZZY HANDBAGS

PRODUCTION COST STATEMENT ON 30 SEPTEMBER 2015

	R
Prime cost	
Manufacturing cost	
Total cost of production	

21

6.2 HEALTHY LIFESTYLE COOKWARE

6.2.1 Calculate the variable cost per unit for 2015.

3

Calculate the break-even point for 2015.

5

6.2.2 Explain why the owner should be concerned about the break-even point and level of production. Provide TWO points. Provide figures.

Point 1	
Point 2	

4

6.2.3 Identify ONE other problem relating to this business. Provide figure(s).

2

TOTAL MARKS
35

TOTAL: 300

CENTRE NUMBER

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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.

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	

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.

4

TOTAL MARKS
30

QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	

3

2.2 STAR WHEELS MANUFACTURERS

2.2.1 DIRECT LABOUR COST

9

FACTORY OVERHEAD COST

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	

10

2.3 NUTRITIOUS EATS

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

	4

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.

	3

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

	4

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.

	4

TOTAL MARKS	
	50

QUESTION 3**3.1 VAT CONCEPTS**

3.1.1	
3.1.2	
3.1.3	

3

3.2 VAT CALCULATIONS

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

12

3.3 INVENTORY VALUATION

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

5

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

4

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

4

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

7

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

3

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

2

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
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

10

4.3 AUDIT REPORT

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

1

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

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.

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

7

5.5.1 Calculate the net asset value per share.

3

5.5.2 Calculate the return on average shareholders' equity.

5

5.5.3 Calculate the debt-equity ratio.

3

- 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.

6

- 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.

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.

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	*

8

6.1.3 Calculate the percentage increase in sundry expenses.

4

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.

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

CENTRE NUMBER

--	--	--	--	--	--	--	--

EXAMINATION NUMBER

--	--	--	--	--	--	--	--	--	--	--	--

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.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2.1

<p>Calculate direct labour cost.</p> <p>Calculate direct material cost.</p>
--

8

6

1.2.2

Production Cost Statement for the year ended 29 February 2016:

Prime cost	
Cost of production of finished goods	

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		<table border="1" style="width: 100%; height: 100%;"> <tr><td style="width: 20px; height: 20px;"></td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
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

CENTRE NUMBER

--	--	--	--	--	--	--	--

EXAMINATION NUMBER

--	--	--	--	--	--	--	--	--	--	--	--

NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2017

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 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.

Provisional Bank balance	R16 785
Correct Bank balance	

Favourable/Unfavourable: _____

8

1.3.2 Bank Reconciliation Statement as at 31 July 2016

6

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

2

TOTAL MARKS
30

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

TOTAL MARKS
40

QUESTION 3**3.1 GANDHI LTD
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017**

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

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

SHAREHOLDERS' EQUITY		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		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.

--

2

4.2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

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

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

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

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

Gross profit	1 250 000	
Net profit		8

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.

4

6.4.3

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

4

6.5

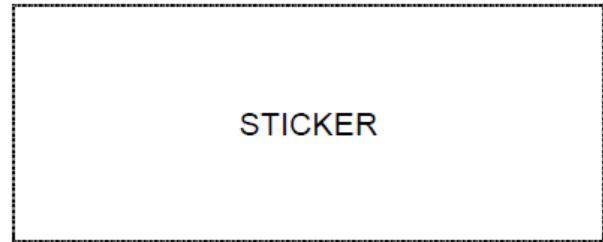
Identify TWO payments that you consider to be poorly managed in February 2017. In EACH case, give a suggestion to improve the internal control of the items identified.

PAYMENT	ADVICE

6

TOTAL MARKS
40

TOTAL: 300



CENTRE NUMBER

--	--	--	--	--	--	--	--

EXAMINATION NUMBER

--	--	--	--	--	--	--	--	--	--	--	--	--

NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2017

<i>SPECIAL ANSWER BOOK</i>

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

This answer book consists of 17 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	

3

1.2.1

Calculation of CRJ total	Calculation of CPJ total
90 500	85 920
Bank account balance:	

14

1.2.2

Bank Reconciliation Statement on 30 June 2017		

9

1.2.3 Explain the problem relating to deposits. Quote evidence.

Explain TWO strategies to prevent this in future.

Strategy 1:

Strategy 2:

4

TOTAL MARKS
30

QUESTION 2

2.1 GEVEN MANUFACTURERS

2.1.1

PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017	
Direct material cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
Total cost of production	

14

2.1.2

ABRIDGED INCOME STATEMENT FOR YEAR ENDED 28 FEBRUARY 2017	
Sales	
Cost of sales	
Gross profit	
Administration cost	
Selling and distribution cost	
Net profit	

14

2.2 GYMWEAR MANUFACTURERS

2.2.1 Shirts:

Calculate the break-even point for shirts.

4

Identify **ONE** variable cost (with figures) that has not been well controlled. Give **TWO** possible reasons for this problem.

ONE VARIABLE COST WITH FIGURES	REASONS
	Reason 1:
	Reason 2:

4

Explain why Jan might be concerned about the large decreases in the other **TWO** variable costs.

4

Jan does not understand why the unit cost of production has increased when neither his fixed costs nor the variable costs have increased. Explain why this is so. State **ONE** point (with figures).

4

2.2.2 Shoes:

Calculate the % increase in the selling price of shoes.

3

Jan decided to improve the quality of the shoes and to export them. Explain how the direct material costs and the selling and distribution costs were affected by this decision. Provide figures.

4

Jan was concerned that the increase in price would have a negative impact on the business. Explain whether his concern was justified. State TWO points.

Point 1:

Point 2:

4

TOTAL MARKS
55

QUESTION 3

3.1

(a) Calculate the carrying value of Land and Buildings on 1 March 2016.

2

(b) Calculate the total depreciation on Vehicles on 28 February 2017.

6

(c) Calculate the carrying value of Vehicles on 28 February 2017.

4

(d) Calculate the carrying value of Equipment sold on 31 December 2016.

6

(e) Calculate the total carrying value of Fixed Assets on 28 February 2017.

4

3.2 BALANCE SHEET OF ODETTE LTD ON 28 FEBRUARY 2017

ASSETS		
NON-CURRENT ASSETS		
CURRENT ASSETS		
Inventory	408 880	
Trade and other receivables		
Cash and cash equivalents		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Ordinary share capital		
Retained income	520 000	
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
TOTAL EQUITY AND LIABILITIES		

3.3 AUDIT REPORT

As a shareholder, what concerns would you have regarding this audit report? Explain **THREE** points.

Point 1:

Point 2:

Point 3:

6

TOTAL MARKS
65

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2 **SO-FINE LTD**

4.2.1 **ORDINARY SHARE CAPITAL**

AUTHORISED SHARE CAPITAL

1 200 000 ordinary shares

ISSUED SHARE CAPITAL

900 000	Ordinary shares on 1 September 2016	
	Ordinary shares on 31 August 2017	5 292 000

7

RETAINED INCOME

Balance on 1 September 2016	147 370
Net profit after income tax	438 130
Ordinary share dividends	
Balance on 31 August 2017	

9

4.2.2 SO-FINE LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Interest paid		
Dividends paid		
Income tax paid		?
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets		?
?		?
Change in investments		
CASH FLOWS FROM FINANCING ACTIVITIES		
?		?
?		?
Change in non-current liabilities		
Net change in cash and cash equivalents		?
Cash and cash equivalents – opening balance		?
Cash and cash equivalents – closing balance		?
		19

4.2.3 Calculate the percentage operating profit on sales.

3

Calculate the debt-equity ratio.

4

4.2.4 Calculate the dividends per share (DPS) of a shareholder who owned the same number of shares for the entire financial period.

4

4.3 CASTRO LTD

4.3.1 Comment on the price of R9,10 charged by Castro Ltd for the new shares issued.

3

4.3.2 Explain how the issue of new shares has affected the financial gearing and risk of Castro Ltd. Quote TWO financial indicators.

6

4.3.3 If Henry wanted to retain his 60% shareholding in the company, how many shares would he have had to buy?

3

How much would he have had to pay?

2

Henry decided NOT to buy these shares. Apart from the % shareholding, explain TWO reasons why he has made a mistake by not taking up this option.

Reason 1:

Reason 2:

6

RONKI LTD

4.3.4 Comment on the liquidity of Ronki Ltd. Quote TWO financial indicators.

6

4.3.5 Comment on the price paid by Ronki Ltd for the repurchase (buy-back) of shares.

3

4.3.6 Explain THREE ways in which Henry has benefited from the repurchase of the shares by Ronki Ltd.

Point 1:

Point 2:

Point 3:

6

TOTAL MARKS
85

QUESTION 5**5.1 CONCEPTS**

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2 HOT-WHEELS (PTY) LTD

Motorbikes:

5.2.1 Calculate the value of the closing stock on 30 September 2017 using the specific identification method.

--

7

5.2.2 Mike requires your advice on the three different models of motorbikes in which he is trading. Explain TWO points of advice.

Point 1:

Point 2:

--

4

Helmets:

- 5.2.3 Calculate the value of the closing stock on 30 September 2017 using the weighted-average method.

9

- 5.2.4 Is the weighted-average method appropriate to value the helmets? Explain ONE point.

3

- 5.2.5 Mike suspects that helmets are being stolen from the shop despite security cameras being installed. Provide a calculation to verify his suspicion.

5

What can Mike do to improve the internal control of stock? State THREE points.

Point 1:

Point 2:

Point 3:

3

TOTAL MARKS
35

QUESTION 6

6.1

Explain the main purpose of a Cash Budget.**Explain the main purpose of a Projected Income Statement.**

2

6.2.1

Larry expects debtors to settle accounts by the end of the month following the sales transaction month.**Use the November figures to calculate the % of debtors that are expected to comply with the credit terms.****Use the November figures to calculate the % of bad debts expected.**

9

6.2.2

Larry does not believe that his debtors' control clerk, Shirley, deserves a bonus on 31 October 2017.**Provide evidence to support his opinion.****Offer Larry advice to improve debtors' collections (TWO points).****Point 1:****Point 2:**

4

6.3.1 Calculate the fixed % of sales used by Larry to budget for delivery expenses.

Calculate the amount of the loan to be repaid on 31 December 2017.

6

6.3.2 Refer to variances in Information D. Explain why Larry would feel that all these variances are problems for his business.

	COMMENT ON VARIANCES
Sales	
Advertising	
Packing materials	
Delivery expenses	

9

TOTAL MARKS
30

TOTAL: 300

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