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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2018

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

1.1.1	
1.1.2	
1.1.3	

3

1.2 **KRIGE SHIRTS**

1.2.1

Calculate direct labour cost.

--

9

1.2.2 **PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 JULY 2018**

Direct material cost	528 300
Prime cost	
Total production cost	
Work-in-progress (1 August 2017)	
Cost of production of finished goods	

12

1.3 GEMMA'S MANUFACTURERS**1.3.1 Calculate the break-even point for the year ended 31 August 2018.**

5

1.3.2 Compare and comment on the break-even point and the production level achieved over the last two years. Quote figures.

6

1.3.3 Give TWO reasons for the increase in direct material cost. Suggest ONE way to control this cost.**REASONS:****SUGGESTION:**

5

TOTAL MARKS
40

QUESTION 2**2.1 VAT****2.1.1**

	WORKINGS	ANSWER
(a)		
(b)		
(c)		
(d)		

10

2.1.2

You are the internal auditor. The sole owner, Samson, used a business cheque to buy a new car for R460 000 including VAT. This car is kept at home for his wife's use. Samson says the vehicle must be recorded as a business asset and R60 000 must be recorded as a VAT input in the business' books.

Explain what you would say to Samson. Provide TWO points.

Point 1	
Point 2	

4

2.2 CREDITORS' RECONCILIATION**2.2.1**

	CREDITORS' LEDGER: ACCOUNT OF MARITI SUPPLIERS	STATEMENT OF ACCOUNT
Balance	147 820	145 060
(a)		
(b)		
(c)		
(d)		
(e)		
(f)		

13

2.2.2 The internal auditor insists that direct payments (EFTs) must be used to pay suppliers.

Explain ONE reason to support his decision.

2

Explain ONE internal procedure to ensure control over this system.

2

2.2.3 Besides dismissing Vernon, provide ONE suggestion for action to be taken against him.

Provide ONE suggestion to prevent this problem in future.

4

TOTAL MARKS**35**

QUESTION 3**3.1**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2.1 TEMBISO LTD**INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2018**

Sales	
Cost of sales	(4 856 000)
Gross profit	
Other operating income	879 440
Gross income	
Operating expenses	
Salaries and wages	501 200
Operating profit	
Interest income	
Net profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	
Net profit after tax	959 400

28

3.2.2 ORDINARY SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

1 600 000 ordinary shares

ISSUED SHARE CAPITAL

1 480 000	Ordinary shares on 28 February 2018	8 816 000

7

RETAINED INCOME

Balance on 1 March 2017	376 600
Ordinary share dividends	
Balance on 28 February 2018	

7

3.2.3 EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET

SHAREHOLDERS' EQUITY	
Ordinary share capital	8 816 000
Retained income	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	

16

3.3 AUDIT REPORT**3.3.1****Point 1****Opinion**

1

Point 2**IFRS and Companies Act**

2

Point 3**Independent**

2

3.3.2**Point 4****TWO examples of ethical responsibilities:****Example 1:****Example 2:**

4

Point 5**TWO examples of audit evidence:****Example 1:****Example 2:**

4

TOTAL MARKS**75**

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QUESTION 4**4.1 CALCULATION OF FINANCIAL INDICATORS FOR 2018****4.1.1 Calculate: % operating expenses on sales**

Workings	Answer

2

4.1.2 Calculate: Acid-test ratio

Workings	Answer

4

4.1.3 Calculate: % return on shareholders' equity

Workings	Answer

4

4.2 FIGURES FOR 2018 CASH FLOW STATEMENT**4.2.1 Calculate: Change in investments**

Workings	Answer

2

4.2.2 Calculate: Income tax paid

Workings	Answer

4

4.2.3 Calculate: Fixed assets sold (at carrying value)

Workings	Answer

5

4.3 EXPLANATIONS ON CASH FLOW STATEMENT

4.3.1 Explain why the directors are satisfied with the improvement in cash and cash equivalents since 1 July 2016. Quote figures.

3

4.3.2 Identify THREE decisions that the directors made to pay for land and buildings.

Decision 1 (with figures)	
Decision 2 (with figures)	
Decision 3 (with figures)	

6

Explain how these decisions affected the capital employed in the 2018 financial year. Quote figures.

Explain how these decisions affected the financial gearing in the 2018 financial year. Quote TWO indicators and their figures.

6

4.3.3 From the Cash Flow Statement identify ONE decision made by the directors in 2017 that they did NOT make in 2018, besides the points mentioned above. Give a possible reason for the decision in 2017.

Decision (with figures)	Possible reason

3

4.4 DIVIDENDS, RETURNS AND SHAREHOLDING**4.4.1 Calculate: Total interim dividends paid for the 2018 financial year**

Workings	Answer

Calculate: Interim dividends per share for the 2018 financial year

Workings	Answer

6

4.4.2 Calculate total dividends earned by Dudu Mkhize for the 2018 financial year.

Workings	Answer

5

4.4.3 Calculate the minimum number of additional shares that Dudu should have bought.

Workings	Answer

3

4.5.1

Explain why it was necessary to purchase properties in other provinces instead of in KZN.

2

Explain whether the decision to purchase these properties had the desired effect on sales. Quote figures.

3

Explain another strategy they used to solve the problem of low sales. Quote figures.

3

4.5.2 Give advice on what Ben Palo should say about the following topics:

Advice on what to say on earnings per share:

3

Advice on what to say on % return earned:

3

Advice on what to say on share price on the JSE:

3

TOTAL MARKS
70

QUESTION 5**5.1**

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2 PACKER'S SUITCASE SHOP**5.2.1**

Calculate the value of the closing stock on 30 June 2018 using the first-in-first-out method.

Workings	Answer

5

5.2.2

Charles suspects that suitcases have been stolen. Provide a calculation to support his concern.

Workings	Answer

5

5.2.3

Charles is concerned about the volume of stock on hand.

Calculate for how long his closing stock is expected to last.

Workings	Answer

6

ONE problem with keeping too much stock on hand:

ONE problem with keeping insufficient stock on hand:

4

5.3 MINDEW LIMITED**5.3.1**

	WORKINGS	ANSWER
(i)		
(ii)		
(iii)		
(iv)		
(v)		

17

5.3.2

Explain how the internal auditor should check that movable fixed assets were not stolen.

2

5.3.3

As an independent auditor, what advice would you give? Provide ONE point.

2

TOTAL MARKS
45

QUESTION 6**6.1 Debtors' Collection Schedule for October 2018**

MONTHS	CREDIT SALES	SEP. 2018	OCT. 2018
July	369 600	81 312	
August	384 400	211 420	
September	403 200	76 608	
October	420 000		
		369 340	

7

6.2 Calculate:**(i) Cash sales for September**

Workings	Answer

(ii) Rent income for October

Workings	Answer

(iii) Payments to creditors in October

Workings	Answer

9

6.3 Calculate the % increase in salaries of sales assistants for October 2018.

Workings	Answer

3

Explain whether the sales assistants should be satisfied with this increase.

2

6.4 Refer to Information E.

6.4.1 Explain the effect of the new competitor on any **TWO** items in the budget for September. Provide figures.

4

6.4.2 Identify **TWO** changes Donald implemented in October in response to the new competitor. Quote figures. Give **ONE** reason for **EACH** change.

Item (with figures)	Possible reason

6

6.4.3 Explain why Donald feels that his decisions were successful. Provide **TWO** points (with figures).

Point 1	
Point 2	

4

TOTAL MARKS
35

TOTAL: 300

RE-MARK/RE-CHECK HERMERK/HERSIEN		
Question <i>Vraag</i>	Marks <i>Punte</i>	Initials <i>Voorletters</i>
1		
2		
3		
4		
5		
6		
TOTAL <i>TOTAAL</i>		