

**CENTRE NUMBER**

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**EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**FEBRUARY/MARCH 2014**

***SPECIAL ANSWER BOOK***

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



★ A C A B E ★

**This answer book consists of 18 pages.**



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**QUESTION 1****1.1 CONCEPTS**

<b>1.1.1</b>	
<b>1.1.2</b>	
<b>1.1.3</b>	

<b>6</b>

**1.2 INVENTORY VALUATION****1.2.1 Calculate the following on 31 May 2013:**

<b>Weighted-average value per box</b>
<b>Value of the closing stock</b>
<b>Number of boxes of washing powder missing</b>

<b>12</b>

**1.2.2 Division of duties plays an important part in preventing this problem. Explain how Jakob should implement this in the business with regard to stock.**

<b>Name ONE other strategy he could use and explain how he should implement this strategy.</b>

<b>2</b>

<b>2</b>

**1.3 VAT****1.3.1**

If VAT input is greater than VAT output, SARS for VAT will be shown in the financial statements as a Trade and Other (Payable/Receivable).

2

**1.3.2**

The credit sales for October 2013 amounted to R120 000 (excluding VAT). Calculate the amount of VAT on the credit sales.

2

**1.3.3**

The total of the debit notes issued to suppliers for merchandise returned to creditors indicates VAT of R1 120. Determine the VAT-exclusive amount that must be posted to the Trading Stock Account.

2

**1.3.4**

Calculate the VAT paid if the total cash purchases for October 2013 was R159 600 (including VAT).

2

<b>TOTAL MARKS</b>
30

**QUESTION 2****2.1 BANK RECONCILIATION STATEMENT AND INTERNAL CONTROL**

- 2.1.1** Identify the items and the amounts that must be entered in the Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ) for August 2013. List only the item number and the amount. Do NOT give totals for each journal.

Cash Receipts Journal (CRJ)	
Item number	Amount

Cash Payments Journal (CPJ)	
Item number	Amount

10

**2.1.2 BANK RECONCILIATION STATEMENT ON 31 AUGUST 2013**


13

2.1.3

It is clear that the business is not controlling its cash properly. What specific problems will the internal auditor include in his report? Explain TWO of these problems, providing figures to support your explanation, and give a possible solution for each. Dismissal of employees is not an option at this stage.

	Explanation (with figures)	Possible solution
Problem 1		
Problem 2		

6

## 2.2 DEBTORS' AGE ANALYSIS

2.2.1

The business is not controlling its debtors effectively. Give ONE reason why you would agree with this statement. Refer to figures in your answer.

2

2.2.2

Anna is of the opinion that her debtors' clerk does not screen (checking) customers properly before they start buying on credit from her business.

Give TWO strategies that the debtors' clerk should follow before allowing customers to open accounts.

Strategy 1:

Strategy 2:

4

TOTAL MARKS
35



**QUESTION 3****3.1 INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>Sales</b>	
<b>Cost of sales</b>	
<b>Gross profit</b>	
<b>Other income</b>	
<b>Profit on sale of asset</b>	<b>12 500</b>
<b>Gross operating profit</b>	
<b>Operating expenses</b>	<b>(2 293 750)</b>
<b>Sundry expenses</b>	
<b>Bank charges</b>	<b>6 000</b>
<b>Audit fees</b>	<b>45 000</b>
<b>Operating profit</b>	
<b>Interest income</b>	<b>680</b>
<b>Profit before interest expense</b>	
<b>Net profit before tax</b>	
<b>Income tax for the year</b>	<b>(240 000)</b>
<b>Net profit after tax</b>	



## 3.2 FIXED ASSETS NOTE ON 31 DECEMBER 2013

FIXED/TANGIBLE ASSETS	VEHICLES
Carrying value – 1 January 2013	309 100
Cost	489 500
Accumulated depreciation	(180 400)
Movements	
Additions at cost	0
Depreciation	(95 150)
Carrying value – 31 December 2013	
Cost	
Accumulated depreciation	(228 800)

5

### 3.3 TRADE AND OTHER PAYABLES

[illegible]

**24**

**TOTAL  
MARKS**

75



**QUESTION 4****4.1**

<b>4.1.1</b>	
<b>4.1.2</b>	
<b>4.1.3</b>	
<b>4.1.4</b>	

8

**4.2****4.2.1****CASH GENERATED FROM OPERATIONS**

<b>Net profit before tax</b>	<b>980 000</b>
<b>Adjustment for:</b>	
<b>Interest expense</b>	<b>36 000</b>
<b>Depreciation</b>	<b>200 000</b>
<b>Operating profit before changes in working capital</b>	<b>1 216 000</b>
<b>Changes in working capital</b>	
<b>Change in inventories</b>	
<b>Change in trade and other receivables</b>	
<b>Change in trade and other payables</b>	
<b>Cash generated from operations</b>	

8

**4.2.2****Calculate:**

<b>Taxation paid</b>

4

<b>Dividends paid</b>

4



**Fixed assets purchased**

5

**4.2.3 Calculate the following financial indicators on 30 June 2013:****Solvency ratio**

5

**Acid test ratio**

4

**Return on average capital employed (ROTCE, use net profit before tax in your calculation.)**

5

4.2.4

Calculate the minimum number of shares Gus must buy in July 2013 to gain control of the company.

4

Gus wants to purchase the additional shares at R8,00 without advertising the shares to the public. Give TWO reasons why you would not approve of this arrangement.

4

4.2.5

One of the directors believes that the company should also make use of loans in the new financial year. Quote TWO financial indicators (with figures) and explain each indicator to support her opinion.

4

4.2.6

The directors are of the opinion that the liquidity has deteriorated. Quote THREE financial indicators (with figures) to support this opinion.

6



**4.3 AUDIT REPORT****4.3.1**

Is the audit report presented by Tshabalala & Associates regarded as a qualified report, a disclaimer of opinion report or an unqualified report?

Give ONE reason.

2

**4.3.2**

Explain why the Companies Act makes it a requirement for public companies to be audited by an independent auditor. Give ONE reason.

2

**4.3.3**

To whom is this audit report addressed?

Give ONE reason.

2

**4.3.4**

Senzo Tshabalala, a senior partner in Tshabalala & Associates, wants to purchase shares in Bongi Limited, as he regards it as an excellent investment opportunity. What advice would you offer Senzo? Explain.

3

<b>TOTAL MARKS</b>
70



**5.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED  
30 JUNE 2013**

<b>PRIME COST</b>	
<b>Factory overhead cost</b>	
<b>TOTAL MANUFACTURING COST</b>	
<b>COST OF PRODUCTION OF FINISHED GOODS</b>	

17

**5.3 UNIT COSTS AND BREAK-EVEN POINT****5.3.1 Calculate the following:**

<b>Direct material cost per unit</b>

2

<b>Factory overhead cost</b>

2

5.3.2

Other than price changes, give a possible reason for the change in unit costs in each of the following cases:

Direct material cost per unit

Factory overhead cost per unit

4

5.3.3

Calculate the break-even point for the year ended 31 August 2013. The break-even point for the previous year was 23 064 units.

4

5.3.4

**Explain whether the business should be satisfied with the level of production achieved. Mention the break-even point in your explanation.**

3

<b>TOTAL MARKS</b>
50

**QUESTION 6**

- 6.1** Complete the table by filling in only the amounts in the appropriate columns.

**EXAMPLE:** The tenant will pay monthly rent of R6 000.

No.	Amount in the Cash Budget for May 2014		Amount in the Projected Income Statement for May 2014	
	RECEIPT	PAYMENT	INCOME	EXPENSE
e.g.	R6 000		R6 000	
6.1.1				
6.1.2				
6.1.3				
6.1.4				

8

**6.2 CASH BUDGET****6.2.1 DEBTORS' COLLECTION SCHEDULE**

MONTHS	FEE INCOME ON CREDIT	APRIL 2014	MAY 2014
March (actual)	R140 000	84 000	
April (budgeted)	R200 000	68 600	
May (budgeted)	R280 000		
<b>CASH FROM DEBTORS</b>		<b>152 600</b>	

5

**6.2.2 Calculate A–D:**

<b>A</b>	
<b>B</b>	
<b>C</b>	
<b>D</b>	

6



**Calculate the amount of the loan on 1 April 2014.**

<b>3</b>

**Calculate the percentage increase in salaries on 1 May 2014.**

<b>3</b>

6.2.3

**Explain what you would mention to Molly about each of the items listed below and give ONE point of advice in each case.**

**FUEL (PETROL):**

<b>COMMENT</b>	
<b>ADVICE</b>	

**COLLECTION FROM DEBTORS:**

<b>COMMENT</b>	
<b>ADVICE</b>	

**ADVERTISING:**

<b>COMMENT</b>	
<b>ADVICE</b>	

<b>6</b>



**6.3 INTERNAL CONTROL**

Identify a problem that Candice is experiencing concerning each of her products. State a different problem for each product. You must quote figures to support your answer. Give a suitable solution to each problem identified.

Product	Problem (with figures)	Solution
Fruit juice		
Chips		
Chocolates		

9

<b>TOTAL MARKS</b>
<b>40</b>

**TOTAL: 300**











