



NATIONAL SENIOR CERTIFICATE EXAMINATION  
SUPPLEMENTARY EXAMINATION 2015

**ACCOUNTING: PAPER I**

**EXAMINATION NUMBER**

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Time: 2 hours

200 marks

**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This question paper consists of 12 pages and an Information Booklet of 5 (i – v) pages with a Ratio Sheet on page i. Please check that your question paper is complete.
2. Read the questions carefully.
3. Answer the questions in the space provided.
4. It is in your own interest to write legibly and present your work neatly.
5. You may **not** use red or green ink. **You may use a pencil, but please use a soft, dark pencil.**
6. All calculations should be rounded off to two decimal places.
7. Please hand in this question paper.
8. The allocation of marks and appropriate time to be taken for each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Manufacturing (19 minutes)	37			
Question 2: Company financials (41 minutes)	56			
Question 3: Cash flow and ratio analysis (40 minutes)	65			
Question 4: Asset Management/inventory (20 minutes)	42			
<b>TOTAL</b>	<b>200</b>			Checker

**QUESTION 1      MANUFACTURING****(37 marks; 19 minutes)**

Refer to the Information Booklet for information relating to Rubicon Manufacturers.

- 1.1 Prepare the production cost statement for the year ending 31 December 2014. Only the raw materials and factory overheads notes are required. All other calculations must be shown in brackets.

**Rubicon Manufacturers**  
**Production cost statement for the year ended 31 December 2014**

Prime costs	
Raw materials costs	2 115 000
Direct labour costs	
Factory overheads costs	
Total manufacturing costs	
Work in progress at the beginning of the year	
Work in progress at the end of the year	
Cost of production of finished goods	

**Rubicon Manufacturers**  
**Notes to the production cost statement for the year ended 31 December 2014**

Raw materials

Opening stock of raw materials	
Purchases of raw materials	
Closing stock of raw materials	

## Factory overheads

Depreciation on equipment	180 000

(32)

- 1.2 Analyse the following transactions under the accounting equation.

The VAT portion on the credit purchase of raw materials for R2 304 000 (VAT excluded).

Account debit	Account credit	Amount	A	O	L

(5)

**QUESTION 2      COMPANY FINANCIALS****[56 marks; 41 minutes]**

Refer to the Information Booklet for information relating to Consolidated LTD.

- 2.1 Complete the notes to the financial statements of Consolidated LTD for both years ending 31 January.

**Consolidated LTD**  
**Notes to the financial statements for the year ending 31 January**

**Note 3:    Tangible assets**

	<b>Plant and Property</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Carrying value on 1 February 2014	?	?	?	
Cost	594 000	270 000	240 000	
Accumulated depreciation	0	(162 000)	(72 000)	
<b>MOVEMENTS</b>				
Additions at cost	?	?	105 000	
Disposals at carrying value			?	
Depreciation		?	?	
Carrying value on 31 January 2015	?	?	?	?
Cost	678 700	?	300 000	1 428 700
Accumulated depreciation	0	?	?	

(24)

Workings for tangible assets.

**Note 7: Ordinary share capital  
ISSUED**

	2015
? Ordinary shares in issue at the beginning of the year at R10 issue price	?
15 000 Ordinary shares issued during the year at R10 issue price	?
100 500 Ordinary shares in issue at the end of the year at R10 issue price	?

(4)

**Note 8: Retained income**

	2015
Retained income at the beginning of the year	36 000
Net income after tax	?
Dividends on ordinary shares	?
Interim dividend paid	?
Final dividend declared	?
Retained income at the end of the year	?

(7)

**Note 9: Trade and other payables**

	2015	2014
Trade creditors	123 000	?
SARS – Income tax	?	0
Shareholders for dividends	75 000	90 000
	?	?

(4)

- 2.2 Complete the Statement of Financial position (Balance Sheet) of Consolidated LTD for both years ending 31 January. Only fill in the figures that correspond to the question marks (?).

**Consolidated LTD**  
**Statement of Financial Position (Balance Sheet) as at 31 January**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets	?	?
<b>Current assets</b>	?	?
Inventory	?	108 000
Trade and other receivables	150 000	193 000
Cash and cash equivalents	?	?
<b>Total assets</b>	?	1 531 000
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	1 125 000	?
Share capital	?	882 600
Retained income	?	?
<b>Non-current liabilities</b>		
Mortgage loan from Bidevest Financers	250 000	312 400
<b>Current liabilities</b>		
Trade and other payables	?	?
<b>Total equity and liabilities</b>	?	?

(17)

**QUESTION 3****CASH FLOW AND RATIO ANALYSIS****[65 marks; 40 minutes]**

Refer to the Information Booklet for information relating to Kadina Limited.

- 3.1 Prepare the note to the cash flow statement for the reconciliation of profit before taxation and cash generated from operations on 28 February 2015.

Net profit before taxation	
Adjustment in respect of:	
Operating profit before the changes in working capital	
Changes in working capital	
Increase/Decrease in inventory	
Increase/Decrease in debtors	
Increase/Decrease in creditors	
Cash generated from operations	

(16)

- 3.2 Complete the Cash Flow Statement of Kadina Limited for the year ended 28 February 2015. Show all working detail in brackets.

<b>Cash flows from operating activities</b>	
Cash generated from operations	
Interest paid ( )	
Dividends paid ( )	
Taxation paid ( )	
<b>Cash flows from investing activities</b>	(1 100 000)
Purchase of non-current assets	(1 150 000)
Proceeds from the sale of non-current assets	50 000
<b>Cash flows from financing activities</b>	
Proceeds from the issue of share capital	
Repayment of capital portion of long-term loan	(99 080)
Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	122 720
Cash and cash equivalents at the end of the year	

(19)

- 3.3 Calculate the price at which the new shares were issued on the 1 March 2014.

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(3)

- 3.4 Calculate the dividends per share (DPS) for the year ended 28 February 2015.

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(4)

- 3.5 Calculate the return on average shareholders' equity for the year ended 28 February 2015.

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(5)

- 3.6 Should Khuluse, a shareholder in Kadina LTD, be happy with the return he is getting on his investment? Substantiate your answer by referring to the earnings per share (EPS), dividends per share (DPS) and return on average shareholders' equity.


(7)

- 3.7 Khuluse has some additional money he would like to invest, and is considering buying more shares in Kadina LTD. With reference to the net asset value (NAV) and the market value of the shares advise Khuluse on whether or not he should purchase extra shares.


(5)

- 3.8 Kadina LTD wants to import a specialised piece of equipment from Switzerland at a cost of two million rand. The directors cannot agree on how to finance this purchase with some arguing for new shares to be issued, and others wanting an additional loan to be raised. In your opinion which would be the best source of finance? Substantiate your answer by quoting relevant indicators.


(6)

**QUESTION 4      ASSET MANAGEMENT/INVENTORY      [42 marks; 20 minutes]**

Refer to the Information Booklet for information relating to Spectrum Plastics.

- 4.1 Calculate the value of the closing stock as at 31 August 2014.

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(4)

- 4.2 Calculate the cost of sales for the period ending 31 August 2014.

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(4)

- 4.3 Calculate the gross profit made by Spectrum Plastics for the period ending 31 August 2014.

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(3)

- 4.4 Calculate the actual mark-up percentage achieved by Spectrum Plastics for the period ending 31 August 2014.

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(3)



- 4.7.2 What effect would the difference in the stock valuation have on the gross profit?

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(1)

- 4.7.3 Provide two points that Bruce Spectrum should take into consideration before making the change in the valuation method.

<b>Point 1:</b>
<b>Point 2:</b>

(4)

- 4.8 Bruce Spectrum suspects, but cannot prove that his staff are stealing plastic containers from the stock room. Calculate how many containers might have been stolen.

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(8)

- 4.9 How could changing from the periodic inventory system to the perpetual inventory system assist Spectrum Plastics with their stock control?


(3)

42

**Total: 200 marks**