



NATIONAL SENIOR CERTIFICATE EXAMINATION
SUPPLEMENTARY EXAMINATION – MARCH 2017

ACCOUNTING: PAPER I

EXAMINATION NUMBER

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Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This paper consists of 10 pages and an Information Booklet of 10 pages (i to x) 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. 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: VAT, Asset Management and Inventory Systems (36 minutes)	61			
Question 2: Company Financials (40 minutes)	64			
Question 3: Cash Flow Statements (25 minutes)	41			
Question 4: Manufacturing (19 minutes)	34			
TOTAL	200			Checker

QUESTION 1 VAT, ASSET MANAGEMENT AND INVENTORY SYSTEMS
(61 marks; 36 minutes)

Refer to the information relating to Xceleron Dealers.

This question consists of THREE PARTS, and each part must be treated independently of the others.

PART A VAT (16 marks)

- 1.1 Calculate the amount owing to or owing from SARS for VAT on 28 February 2017.
Show all calculations.

VAT INPUT	VAT OUTPUT
TOTAL	TOTAL
AMOUNT OWING TO/OWING FROM SARS:	

PART B **TANGIBLE ASSET ANALYSIS** **(24 marks)**

Refer to the Tangible asset note to answer the following questions.

- 1.2 On what date was the new machinery costing R540 000 purchased?

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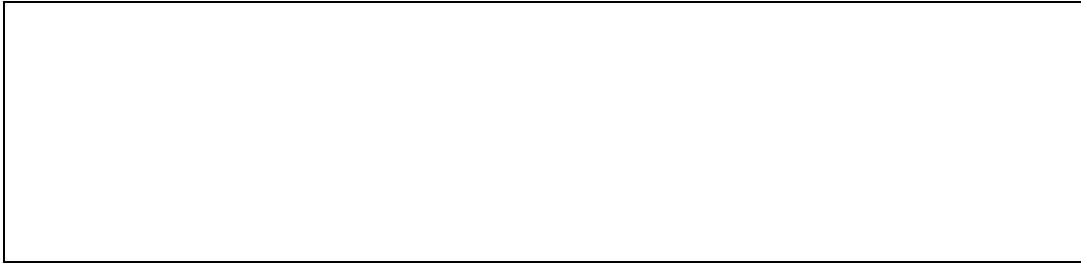
(4)

- 1.3 Showing a calculation, explain why the depreciation for the year on the old machinery amounted to R28 799.

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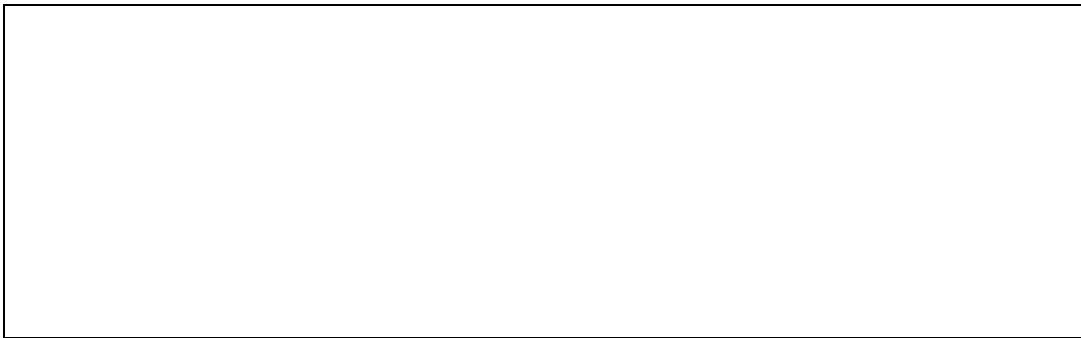
(3)

- 1.4 Calculate the value (a) in the Tangible asset note that relates to the disposal.




(4)

- 1.5 Calculate the value (b) in the Tangible asset note:



(9)

- 1.6 Calculate the value (c) in the Tangible asset note:



(4)

PART C INVENTORY SYSTEMS

(21 marks)

- 1.7 Calculate the value of the closing stock using the FIFO method of stock valuation.



(6)

- 1.8 Calculate the Gross profit for the year if the FIFO method of stock valuation and the Periodic recording method are used.

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(8)

- 1.9 Calculate the value of the closing stock using the Weighted average method of stock valuation. **Round off the Weighted average to the nearest rand.**

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(7)

61

QUESTION 2 COMPANY FINANCIALS**(64 marks; 40 minutes)****Refer to the information relating to Ndaka Limited.**

- 2.1 Complete the Statement of Comprehensive Income/Income Statement for the year ending 31 December 2016. Show all workings in brackets.

Ndaka Limited
Statement of Comprehensive Income for the year ending 31 December 2016

Sales (
LESS: Cost of sales	(4 100 000)
Gross profit for the year	
ADD: Other income	209 000
Rent income	180 000
Commission income	
Gross income for the year	
LESS: Operating expenses	
Advertising	144 000
Sundry expenses	323 750
Audit fees (108 000	
Directors fees (495 000	
Bad debts (5 775	
Stationery (18 325	
Trading stock deficit	
Provision for bad debts adjustment (1 850	
Operating profit for the year	
Interest income	0
Operating profit before interest expense/finance costs	
Interest expense	(129 000)
Net income before taxation	
Taxation (
Net income after taxation	

(26)

- 2.2 Complete the Statement of Financial Position/Balance Sheet as at 31 December 2016. As notes are not required it is essential to show all workings in brackets.

Ndaka Limited
Statement of Financial Position as at 31 December 2016

Tangible Assets	6 682 320
Fixed Assets	6 682 320
Current Assets	
Inventories (743 905)	
Trade and other receivables (235 625)	
Cash and cash equivalents	27 000
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Ordinary Shareholders Equity	
Share capital (5 226 000)	
Retained income (344 900)	
Long-term liabilities	
Mortgage bond (700 000)	
Current liabilities	
Trade and other payables (122 600)	
Bank overdraft (86 750)	
TOTAL EQUITY AND LIABILITIES	

(38)

QUESTION 3 CASH FLOW STATEMENTS**(41 marks; 25 minutes)****Refer to the information relating to Avzelea LTD.**

- 3.1 Complete the note showing the reconciliation of profit before taxation and cash generated from operations.

*	*
Adjustment in respect of:	*
Depreciation	304 500
*	*
Operating profit before changes in working capital	*
Changes in working capital	*
Decrease in inventories	40 500
Increase/Decrease in debtors	*
Increase/Decrease in creditors	*
Cash generated from operations	*

(10)

- 3.2 Calculate the total dividends (interim and final) for the year ended 31 January 2017.

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(4)

- 3.3 Complete the cash flow statement for the year ended 31 January 2017. Show all workings in brackets.

Cash flows from operating activities	*
Cash generated from operations	*
Interest paid (*
Taxation paid (*
Dividends paid	(1 445 000)
Cash flows from investing activities	*
Purchase of tangible assets (*
*	*
Cash flows from investing activities	*
Proceeds from the issue of shares	*
*	*
Net change in cash and cash equivalents	*
Cash and cash equivalents at the beginning of the year (*
Cash and cash equivalents at the end of the year	1 155 000 (27)

QUESTION 4 MANUFACTURING**(34 marks; 19 minutes)****Refer to the information relating to Slick Manufacturers.**

- 4.1 Complete the Prime costs section as it would have appeared in the Production cost statement for the year ending 31 December 2016. Show all workings in brackets.

Slick Manufacturers Production cost statement for the year ending 31 December 2016	
PRIME COSTS	
Direct materials (
Direct labour (

(13)

- 4.2 Calculate the unit cost of production per raincoat.

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(5)

- 4.3 Complete the finished goods note.

Opening stock of finished goods	
Closing stock of finished goods	
Cost of sales	

(4)

- 4.4 Calculate the mark-up percentage achieved by Slick Manufacturers during the year ended 31 December 2016.

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(6)

- 4.5 Provide **one** course of action that can be taken by the business in the next financial year that would assist it in achieving its predetermined mark-up.

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(2)

- 4.6 In order to still import its material, Slick Manufacturers needs to reduce its costs by reducing the wastage of material during the manufacturing process. Give two ways in which you think it can do this.

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(4)

34

Total: 200 marks