



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 11 pages, an Information Booklet of 7 pages (i–vii) and a Formula Sheet of 1 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 to 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: Manufacturing and Asset Disposal (37 minutes)	62			
Question 2: Financial Statements (37 minutes)	62			
Question 3: Cash Flow Statement (26 minutes)	43			
Question 4: VAT and Inventory (20 minutes)	33			
TOTAL	200			

QUESTION 1 MANUFACTURING & ASSET DISPOSAL [62 marks; 37 minutes]

Refer to the Information Booklet for information relating to Hammond Huts.

1.1 Complete the Tangible Asset Note as it would have appeared in the Statement of Financial Position as at 30 June 2018. You may use the calculation blocks below to show your workings, but write your final answer in the Note next to the question marks (?).

Vehicle depreciation calculations

New	Total

(4)

Machinery depreciation calculations

Depreciation of old machinery sold	Depreciation of machinery not sold
Total depreciation for year	Accumulated depreciation at end of year

(7)

(5)

Disposal of machinery

Disposal

(2)

	Vehicles	Machinery
Carrying value on 1 July 2017	?	550 000
Cost	1 400 000	?
Accumulated depreciation	?	(270 000)
MOVEMENTS		
Additions	?	–
Disposals	–	?
Depreciation	?	?
Carrying value on 30 June 2018	?	?
Cost	1 700 000	?
Accumulated depreciation	?	?

(12)

1.2 Complete the Direct Labour Note as it would have appeared on 30 June 2018:

(11)

1.3 Complete the Factory Overheads Note as it would have appeared on 30 June 2018:

(9)

1.4 Calculate the cost of finished goods produced during the year ended 30 June 2018:

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(4)

1.5 Complete the Production Cost Statement for the year ended 30 June 2018:

Direct/Prime costs	
Total manufacturing costs	
Cost of production of finished goods	

(8)

QUESTION 2 FINANCIAL STATEMENTS

[62 marks; 37 minutes]

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

All workings need to be shown as part marks will be allocated to them. You may use the calculation blocks on the next page to show your workings, but your final answer must be written in the Statement of Comprehensive Income. The number of lines does not represent the number of entries required.

2.1 Complete the Statement of Comprehensive Income (Income Statement) for the year ending 28 February 2018.

NDIV Limited

Statement of Comprehensive Income for the year ending 28 February 2018

Net sales (3 321 000)	
Cost of sales (2 214 000)	
Gross profit	
Other operating incomes	Do not calculate
• Rent income	
• Discount received (3 300)	
•	
•	
Gross operating income	Do not calculate
Operating expenses	Do not calculate
• Directors' fees	56 000
• Audit fees (30 000)	
• Consumable stores (14 600)	
• Bad debts (1 500)	
• Depreciation	
•	
•	
•	
•	
Operating profit before interest	Do not calculate
Interest income	0
Profit before interest expense	Do not calculate
Interest expense (30 000)	
Profit before taxation	Do not calculate
• Taxation for the year	
Net profit after taxation	Do not calculate

(25)

Calculations

Trading stock deficit	Interest expense
Rent income	Profit/loss on sale of asset

(13)

2.2 Complete the following Notes to the Financial Statements as it would have appeared on 28 February 2018. All workings must be shown to be awarded part marks.

TRADE AND OTHER RECEIVABLES	AMOUNT
Net trade debtors	Do not calculate
Trade debtors	
Provision for bad debts	
	Do not calculate

(10)

TRADE AND OTHER PAYABLES	AMOUNT
Trade creditors (99 000)	
	Do not calculate

(10)

2.3 Both audit fees and director fees are listed as expenses in the Statement of Comprehensive Income. What is the difference between the role of an auditor and the role of a director?

(2)

2.4 2.4.1 What was the interim dividend per share?

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(1)

2.4.2 Give one reason why you think the final dividend was so much less than the interim dividend.

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(1)

QUESTION 3 CASH FLOW STATEMENT

[43 marks; 26 minutes]

Refer to the Information Booklet for information relating to Stubar Ltd.

3.1 Complete the Reconciliation Note between profit before taxation and cash generated from operations for the year of the Cash Flow Statement for the year ended 30 September 2018. You may use the calculation blocks below the Reconciliation Note to do your workings, but your final answer must be written in the Reconciliation Note.

1. Reconciliation between profit before taxation and cash generated from operations	
• Profit before tax	
Adjustments in respect of:	
• Depreciation	
•	
Operating profit before changes in working capital	950 000
Changes in working capital:	
•	
•	
•	
Cash generated from operations	

(15)

Calculations

Calculate trade and other receivables	Calculate trade and other payables

(7)

3.2 Calculate the following amounts.

3.2.1 Dividends paid

Workings
Amount paid

(5)

3.2.2 Tax paid

Workings
Amount paid

(6)

3.3 Complete the Cash Flows from Financing Activities Section of the Cash Flow Statement for the year ended 30 September 2018.

CASH FLOWS FROM FINANCING ACTIVITIES	Do not calculate
• Repayment of loan	
•	
• Proceeds from issue of shares	
•	

(10)

QUESTION 4 VAT AND INVENTORY

[33 marks; 20 minutes]

Refer to the Information Booklet for information relating to Shick Chicken.

Refer to Information A and B to answer Questions 4.1– 4.4.

Refer to Information C to answer Question 4.5.

4.1 Calculate the rand value of the closing stock on 30 November 2018.

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(5)

4.2 Calculate the cost of sales for the financial year.

Opening stock	
Purchases	

(11)

4.3 Calculate the mark-up achieved by Shick Chicken for the financial year.

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(4)

4.4 Considering the type of product they buy and sell, which two stock control measures are absolutely essential in order to avoid possible legal action being taken against them?

•
•

(4)

4.5 Use only Information C to calculate VAT. Then circle if this is to be paid to SARS or received from SARS. (Some amounts might include cents).

Calculations		
Amount	Owed to SARS	Owed by SARS

(9)

33

Total: 200 marks