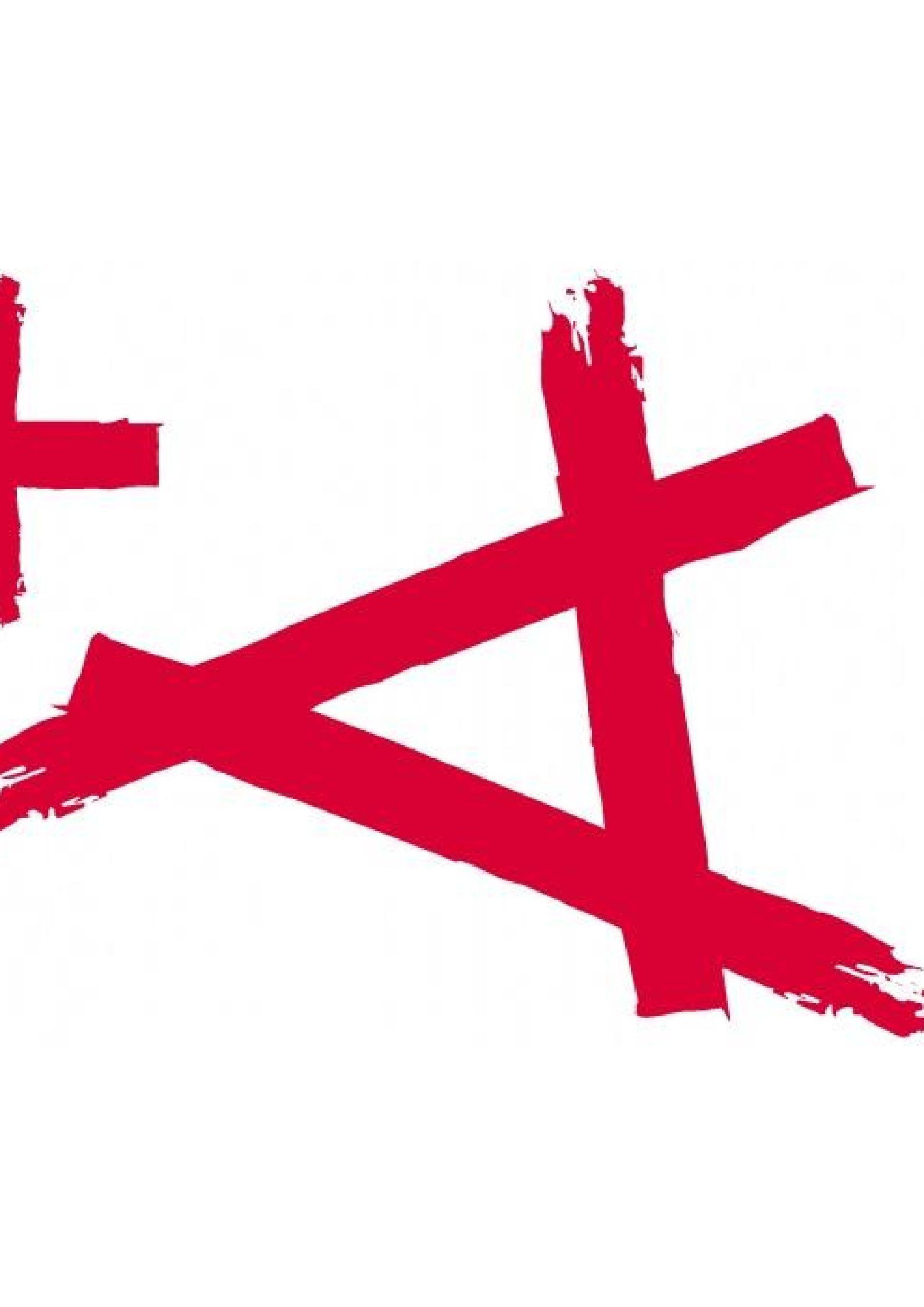






education

Department:
Education

PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

Grade 12 ACCOUNTING

PRE-TEST Winter

2017

MARKS: 100 TIME: 60 Minutes

This question paper consists of 10 pages and an answer book of 7 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer the question fully.
2. A special ANSWER SHEET is provided in which to answer the questions.
3. Show ALL workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

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QUESTION 1 (30 Marks; 18 Minutes)	
Topic of the question	This question integrates:
ASSET MANAGEMENT	Managing resources • Ethics and Problem Solving Financial accounting • Asset Disposal • Notes to Fixed Assets
QUESTION 2 (30Marks; 18 Minutes)	
Topic of the question	This question integrates:
CREDITORS' RECONCILIATION AND INTERNAL CONTROL	Financial accounting • Reconcile creditors ledger with creditor statement Managing resources • Internal controls and ethics
QUESTION 3 (40 Marks; 24 Minutes)	
Topic of the question	This question integrates:
INVENTORY VALUATIONS AND VAT	Financial accounting • VAT concepts and Calculations Managing resources • Specification Identification and Weighted average method

QUESTION 1**(30 MARKS; 18 MINUTES)****FIXED ASSETS MANAGEMENT****1. FIXED ASSETS**

The following information relates to the fixed/tangible assets of Jabulani Hypermarket for the year ended 28 February 2015.

REQUIRED:

- 1.1 Refer to Information **A**, **B** and **C**. Calculate the amounts indicated by (i)–(iii). Show the workings in the space provided in the ANSWER BOOK. (7)
- 1.2 Refer to Information **D**. Prepare the Asset Disposal Account for the computer sold on 30 November 2014. (13)
- 1.3 Refer to Information **E**. You are the internal auditor of Jabulani Hypermarket. The owner has asked you to investigate the control of trolleys and baskets used in the business.
 - (a) Explain how the Fixed Assets Register will assist you in your duties as internal auditor. Provide ONE point. (2)

(b) The stock of trolleys and baskets is classified as a fixed asset. Give ONE suitable reason for this. (2)

(c) The owner has received numerous complaints from his customers about the trolleys and baskets. On a busy day the business often has up to 420 customers in the shop at the same time.

Identify and explain THREE major problems (with figures) relating to the control of the trolleys and baskets. In EACH case, provide a valid, practical solution to improve the control over these assets. (6)

INFORMATION:

A. Information from the financial statements for the year ended 28 February 2015:

FIXED/TANGIBLE ASSETS	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
Carrying value on 1 March 2014	2 500 000	264 600	(i)
Cost	2 500 000	552 000	900 000
Accumulated depreciation	0	(287 400)	(224 000)
Movement			
Additions	(ii)	0	470 000
Disposals at carrying value	0	0	
Depreciation	0	(iii)	
Carrying value on 28 February 2015	3 200 000		
Cost	3 200 000		
Accumulated depreciation	0		

B. The business has two vehicles. The following details appeared in the Fixed Assets Register:

	Vehicle1	Vehicle 2
Cost	240 000	312 000
Accumulated depreciation on 1 March 2014	(225 000)	(62 400)
Carrying value on 1 March 2014	15 000	249 600

NOTE: Vehicle 1 is old and is reaching the end of its useful life.

C. The business provides for depreciation on its fixed assets as follows:

On vehicles at 25% p.a. on cost

On equipment at 20% p.a. on the diminishing-balance method. Equipment comprises shopping baskets, trolleys, computers, fridges and other general shop equipment.

D. A computer was sold for cash to Mash Crusaders on 30 November 2014. A loss of R250 was incurred as the computer was slightly damaged. According to the Fixed Assets Register, the computer was originally purchased for R9 200. Accumulated depreciation on this item was R6 400 on 1 March 2014.

E. The following information refers to the trolleys and baskets of the business:

	TROLLEYS	BASKETS
Number of units on hand on 1 March 2014	148	120
Additional units purchased during the financial year at R2 000 each for the trolleys and R250 each for the baskets	112	35
Number of damaged units written off during the financial year	14	60
Number of units on hand as per physical count on 28 February 2015	210	95
Repair and maintenance cost for units during the financial year	R1 800	R16 000

QUESTION 2: (30 marks; 18 minutes) CREDITORS' RECONCILIATION AND INTERNAL CONTROL

Machu Traders buys goods on credit from Pikor Suppliers. The business received a statement for April 2015 from the creditor.

REQUIRED:

- 2.1 Explain how the Creditors' Reconciliation Statement can assist the business in terms of their internal control measures. State TWO points. (4)
- 2.2 Calculate the correct balance of Pikor Suppliers in the Creditors' Ledger Account of Machu Traders. Show the changes to the figure R116 400. (12)
- 2.3 Prepare a Creditors' Reconciliation Statement for Pikor Suppliers on 30 April 2015. (10)
- 2.4 The owner of Machu Traders is not completely satisfied with the service and quality of goods received from Pikor Suppliers. Suggest TWO factors he should consider before changing suppliers. (4)

INFORMATION:

A. Creditors' Ledger of Machu Traders

PIKOR SUPPLIERS (CL4)				
Date		Debit	Credit	Balance
2015 April	01 Balance			44 220
	08 Invoice 153		54 000	98 220
	10 Cheque 1449	22 500		75 720
	12 Debit note 746	5 760		69 960
	15 Invoice 111		27 300	97 260
	17 Invoice 214		91 500	188 760
	21 Invoice 273		20 250	209 010
	24 Debit note 966		5 400	214 410
	27 Journal voucher 490	3 600		210 810
	31 Cheque 2346	93 000		117 810
	Discount	1 410		116 400

B. Statement received on 30 April 2015:

PIKOR SUPPLIERS				
PO Box 249, Sabie, 8234. Tel: 013 748 0703				
Machu Traders				
PO Box 313				
Graskop, 8250				
Date: 25 April 2015				
Credit limit: R100 000				
Payment terms: 50 days				
Interest on overdue accounts: 6%				
DATE		DEBIT	CREDIT	AMOUNT
2015	01	Account rendered		44 220
April	05	Interest	780	45 000
	08	Invoice 153	54 000	99000
	10	Receipt491	22 500	76 500
		Discount	480	76 020
	12	Credit note511	6 570	69 450
	17	Invoice214	91 500	160 950
	19	Receipt654	84 000	76 950
	21	Invoice273	50 250	127200
	24	Credit note632	5 400	121 800

C. Additional Information:

1. The discount of R480 received from Pikor Suppliers on 10 April 2015 was omitted erroneously in the books of Machu Traders.
2. Invoice 111 was reflected erroneously in the account of Pikor Suppliers in the Creditors' Ledger of Machu Traders. It refers to merchandise purchased from another supplier, Lethu Suppliers.
3. Pikor Suppliers made an error in the recording of invoice 273 on the statement.
4. Goods returned on 12 April 2015 were recorded correctly in the statement from Pikor Suppliers. The entry in the books of Machu Traders is incorrect.
5. Receipt 654 was shown erroneously in the statement from Pikor Suppliers. This transaction does not relate to Machu Traders and will be rectified on the next statement.
6. Pikor Suppliers also purchases goods on credit from Machu Traders. Refer to Journal Voucher 490. Machu Traders has transferred a debit balance from the Debtors' Ledger. This entry has not been recorded by Pikor Suppliers.
7. The transaction on 24 April 2015 is in respect of merchandise returned to Pikor Suppliers.
8. The statement shows transactions up to 25 April 2015.

QUESTION 3: (40 marks; 24 minutes) VAT AND INVENTORY VALUATION

3.1 VAT CONCEPTS

Change the underlined parts in the following sentences to make the statements TRUE. Write the answer next to the question number (3.1.1–3.1.3) in the ANSWER BOOK.

3.1.1 Input VAT is VAT charged to customers. (1)

3.1.2 VAT is payable to the South African Reserve Bank. (1)

3.1.3 VAT is charged at 14% on fruits and vegetables. (1)

3.2 VAT CALCULATIONS

Wandile Traders is a VAT registered business. The standard rate of VAT is 14%.

REQUIRED:

Calculate the correct amount of VAT the business has to pay. Show ALL workings. (12)

INFORMATION:

The bookkeeper, Felix, prepared the VAT Control Account for the tax period ended 31 May 2015 and arrived at VAT payable amount of **R43 820**.

However, the internal auditor has identified the following errors and omissions which must still be brought into account to calculate the correct VAT payable amount:

A.	Sales invoices omitted from the Debtors Journal, including VAT	R10 830
B.	Damaged goods returned to suppliers, excluding VAT	18 600
C.	VAT on sundry business expenses omitted	6 818
D.	VAT on discounts received from suppliers	756
E.	VAT on bad debts recovered	112
F.	VAT on bad debts was recorded on the wrong side of the VAT Control Account	92

3.3 INVENTORY VALUATION

Bamjee Stores sells two types of men's watches:

- Johx, imported from Germany
- Kwatz, locally manufactured

The financial year ended on 31 August 2015.

REQUIRED:

3.3.1 Calculate the following in respect of Johx watches on 31 August 2015:

- (a) Closing stock (5)
- (b) Cost of sales (4)
- (c) Average stock-holding period (in days) (4)

3.3.2 Calculate the following values (in rands) in respect of Kwatz watches on 31 August 2015:

- (a) Closing stock (7)
- (b) Sales (3)

3.3.3 Explain why the business uses different methods to value each type of watch. State ONE valid point. (2)

INFORMATION:

- A. • The business uses the following methods to value the stock of watches:
- Johx – specific identification
 - Kwatz – weighted average
 - No watches were stolen or lost during the financial year.

B. Information relating to Johx watches:

	UNITS	UNIT PRICE	TOTAL AMOUNT	UNITS SOLD	TOTAL SALE
Opening stock	12	R6 500	R78 000	11	R12 000
Purchases:	35		R252 000		
September 2014	15	R6 800	R102 000	10	R11 000
January 2015	12	R7 300	R87 600	10	R12 000
April 2015	8	R7 800	R62 400	5	R6 000
	47		R330 000	36	R44 000

- The cost price of Johx watches includes transport costs and customs duties.
- These watches are sold at a mark-up of 75% on cost.

5. Information relating to Kwatz watches.

	UNITS	UNIT PRICE	TOTAL AMOUNT
Opening stock	95	R340	R32 300
Purchases:	675		R259 900
September 2014	320	R375	R120 000
January 2015	210	R390	R81 900
April 2015	145	R400	R58 000

- Kwatz watches are sold at a fixed selling price of R520 each.
- Cost to transport Kwatz watches from local suppliers amounted to R11 950 for the financial year and is not included in the figures above.
- There were 92 Kwatz watches in stock on 31 August 2015.