

**CENTRE NUMBER**

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**CANDIDATE'S EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**NOVEMBER 2008**

***SPECIAL ANSWER BOOK***

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
4			
5			
6			
TOTAL			

**This answer book consists of 20 pages.**

**QUESTION 1****COMPANY CONCEPTS, RECORDS & VAT****(35 marks; 20 minutes)**

- 1.1 Briefly explain why a company has to have 'Limited' or 'Ltd' in its name.

2

- 1.2 Briefly explain why Garland Ltd has to make special entries for VAT in its books.

2

- 1.3

	GENERAL LEDGER		AMOUNT
	Account debited	Account credited	
e.g.	Directors' fees	Bank	150 000
1.			350 000
			49 000
2.			
			400 000
3.			143 550
4.			24 000
5.			
6.			154 356
7.			

25

**1.4**      **The company plans to issue the remaining unissued shares next year.**

**1.4.1**    **How many shares will the company issue?**

3

**1.4.2**    **What is the minimum number of shares Gary will have to buy to keep control of the company?**

3

<b>TOTAL MARKS</b>
35

**QUESTION 2****BUDGETING AND CORPORATE GOVERNANCE****(50 marks; 30 minutes)****2.1 LIMPOPO TRADERS****2.1.1 What is the main purpose of preparing a Cash Budget?**

2

**2.1.2 Explanation of:****Repairs and maintenance:****Telephone:****Rent income:****Advertising:**

8

**2.1.3 Calculate the total sales that may be expected in February 2009.**

4

**2.1.4****DEBTORS COLLECTION SCHEDULE  
FOR THREE MONTHS ENDING 31 MARCH 2009**

	CREDIT SALES	COLLECTIONS:	
		FEBRUARY	MARCH
February			
March	<b>R648 000</b>		

9

- 2.1.5 Give ONE point from the question to support Thabo's opinion, and ONE point against his opinion. Give figures to support your points.**

**ONE point to support Thabo's opinion:**

**ONE point against Thabo's opinion:**

6

- 2.1.6 Explain THREE points other than those mentioned in QUESTIONS 2.1.2 to 2.1.5 above. Give figures (or ratios/percentages) from the question to support your explanations.**

9

**2.2 PRESTIGE HOTELS LIMITED**

- 2.2.1** If you were a major shareholder in this company, what questions would you ask the managing director at the special meeting? Give TWO questions.

6

- 2.2.2** What should the managing director say at the special meeting to defend the board's decisions about the budget? Briefly explain TWO points.

6

<b>TOTAL MARKS</b>
50

**QUESTION 3****MANUFACTURING****(45 marks; 25 minutes)****3.1 VALLEY BED MANUFACTURERS****PRODUCTION COST STATEMENT FOR YEAR ENDED 29 FEBRUARY 2008**

Prime/Direct cost		
Direct materials cost		
Direct labour cost		
Factory overhead costs		
Total manufacturing costs		
Cost of production of finished goods		

9

**CALCULATION OF DIRECT OR (RAW) MATERIALS COST**


5

**CALCULATION OF FACTORY OVERHEAD COSTS**


11

**3.2 SPRINGBOK T-SHIRT MANUFACTURERS****3.2.1 Calculate the unit costs for 2008 indicated as (a), (b) and (c).**

(a) =

(b) =

(c) =

6

**3.2.2 Compare the unit costs of 2008 with those of 2007. In each of the following cases give a possible reason (other than inflation) for the change:**

- **Direct materials cost per unit:**
- **Direct labour cost per unit:**
- **Factory overhead costs per unit:**

6



**3.2.3 Calculate the break-even point for 2008.**

**Comment on the break-even point calculated above. Should the business be satisfied with the number of units that are currently being produced? Explain.**

5

3

<b>TOTAL MARKS</b>
45

**QUESTION 4****COMPANY REPORTING****(65 marks; 30 minutes)****4.1 SAMORA SPORTS LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

Sales	
Cost of sales	
Gross profit	
Other income	
Service fee income	
Rent income	
Operating expenses	
Salaries and wages	
Employer's contributions	
Audit fees	
Director's fees	
Consumable stores	
Bank charges	
Sundry expenses	
Operating profit	
Net profit before tax	
Income tax	
Net profit after tax	

**4.2**

**4.2.1** Why does the Companies Act make it a requirement for public companies to be audited?

2

**4.2.2** Name ONE other person who would be interested in this audit opinion, and give the reason for his/her interest in the opinion.

3

**4.2.3** At the AGM, one of the shareholders says that he is not happy with the words 'fairly present' in the audit report. He wants the auditors to say that the financial statements are 'correct in all respects'.

What explanation should be given to this shareholder? State ONE point.

3

**4.2.4 The directors are not happy with the high audit fees reflected in the Income Statement.**

**Explain why improvement in internal control will have a positive effect on the external auditors' fees. State ONE point.**

3

**4.2.5 SAICA is one of the main professional bodies governing accountants in this country.**

**Explain TWO of the main roles performed by SAICA.**

4

<b>TOTAL MARKS</b>
65

### QUESTION 5

## CASH FLOW AND INTERPRETATION OF A COMPANY (70 marks; 45 minutes)

**5.1 Calculate the following financial indicators for 2008:**

### 5.1.1 Debt/Equity ratio

3

### 5.1.2 Acid-test ratio

4

### 5.1.3 Stock turnover rate

4

**5.1.4 % return on average shareholders' equity (after tax)**

4	

### 5.1.5 Net asset value per share

4	

**5.2 Solvency and liquidity:**

**5.2.1 Briefly explain the difference between *solvency* and *liquidity*.**

**Solvency:**

**Liquidity:**

2

**5.2.2 Comment on the solvency of this business. Quote a financial indicator from the question to support your opinion.**

3

**5.2.3 Comment on the liquidity of this business. Quote the financial indicators and the changes (trends) from the previous year to support your opinion.**

10

**5.3 Returns and share price:**

**5.3.1** Comment on the earnings, dividends and % return. Quote financial indicators and the changes (trends) from the previous year to support your opinion.

**Earnings:**

**Dividends:**

**% return:**

6

**5.3.2** Would you be satisfied with the performance of the share price? Comment and compare this to a financial indicator from the question to support your opinion.

4

**5.4 Calculate the missing figures in the Cash Flow Statement:**

(a) =

(b) =

(c) =

(d) =

(e) =



- 5.5 The Cash Flow Statement highlights some significant decisions taken by the directors over the past year. Explain TWO of these significant decisions. Quote figures to support your answer. Also explain how these decisions would benefit the company and the shareholders.**

**Two significant decisions (quote figures):**

**How these decisions would benefit the company and the shareholders:**

8

- 5.6 At the AGM, the directors announce that the company will:**
- Conduct training of all employees in terms of morals and ethics**
  - Donate funds towards cleaning up the environment**

**Explain why this is necessary although this will cost the company a lot of money each year. State THREE points.**

6

<b>TOTAL MARKS</b>
70

**QUESTION 6****FIXED ASSETS AND INTERNAL CONTROL****(35 marks; 30 minutes)****6.1**

<b>ASSET DISPOSAL</b>									
June	30				June	30			

12

**6.2** What advice would you give Di? Explain ONE point.

3

**6.3** Explain how and why the Fixed Assets Register will assist the internal auditor in his duties.

3

- 6.4 In order to solve their cash flow problems, Mike sold a portion of the premises at cost price. Milly disagrees with him on this. Do you support Milly's opinion? Give a reason.**

**Yes/No:**

**Reason:**

3

- 6.5 Identify the cost price of delivery vehicle 3.**

3

**Explain why delivery vehicle 2 is shown at a book value of R1,00 (one rand).**

2

**6.6 Identify and explain ONE major problem relating to each delivery vehicle or its driver. Quote figures from the information to support your answer. Provide a valid solution to each problem.**

**Delivery vehicle 1:**

**Delivery vehicle 2:**

**Delivery vehicle 3:**

9

<b>TOTAL MARKS</b>
35

**TOTAL: 300**