

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2011

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
5			
6			
TOTAL			

This answer book consists of 18 pages.

QUESTION 1

1.1 For each item below, indicate the appropriate category. Choose your answers from the options given in the question paper.

1.1.1	
1.1.2	
1.1.3	

6

1.2 **SLEEPWELL MANUFACTURERS
PRODUCTION COST STATEMENT FOR THE YEAR ENDED
30 SEPTEMBER 2011**

	TOTAL
Direct/Raw material cost	1 250 000
Work-in-process stock on 1 October 2010	45 000
Cost of production of finished goods	2 625 000

10

1.3.1 Calculate the direct material cost per unit for 2011.

--

3

1.3.2 Calculate the break-even point for the year ended 30 June 2011.

--

5

1.3.3 Should the business be satisfied with the number of units that they are currently producing? Briefly explain.

--

3

1.3.4 Should she carry on with her plan? Give ONE valid reason for your decision.

--

3

TOTAL MARKS
30

QUESTION 2

2.1.1 Indicate whether the statements are TRUE or FALSE.

(a)	
(b)	
(c)	
(d)	

8

2.1.2 Calculate the correct bank balance of Ace Traders on 30 September 2011.

Balance prior to doing the bank reconciliation	R60 000
Correct balance on 30 September 2011	

5

2.1.3 BANK RECONCILIATION STATEMENT ON 30 SEPTEMBER 2011

7

2.1.4 Refer to the outstanding deposit of R43 000, dated 11 September 2011. Why should the internal auditor be concerned? State TWO points.

4

2.2 Use the table to indicate the differences that were discovered when comparing the account in the Creditors' Ledger with the statement received from Kairo Suppliers.

Write only the amounts in the appropriate column and a plus (+) or minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct balance/total at the end.

	Creditors' Ledger of Ace Traders	Statement from Kairo Suppliers
Balance	R7 910	R11 390
1		
2		
3		
4		
5		
Balance/Total		

11

TOTAL MARKS
35

QUESTION 3

3.1 Choose an example from COLUMN B that matches the concept relating to companies in COLUMN A.

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

10

3.2.1 ASSET DISPOSAL

2010 Dec.	31	Vehicles		2010 Dec.	31	Accumulated depreciation on vehicles	

9

3.2.2 ANEESA LTD
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Sales	
Cost of sales	
Gross profit	
Other operating income	
Gross operating income	
Operating expenses	
Directors' fees	
Audit fees	
Salaries and wages	
Packing material	
Marketing expenses	
Sundry expenses	
Bad debts	
Operating profit	
Profit before interest expenses/Finance cost	
Profit before tax	
Income tax	
Net profit after tax	

3.2.3 Briefly explain what you would say to the CEO.

3

3.3.1 Briefly explain the role of an independent auditor.

2

3.3.2 Did Aneesa Limited receive a qualified or an unqualified audit report? Briefly explain your choice.

3

3.3.3 The independent auditor feels that he will not be doing his job properly if he agrees to the CEO's request. Briefly explain why he feels this way.

2

State TWO possible consequences for the auditor if he agrees to this request.

4

TOTAL MARKS
80

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QUESTION 4

4.1

Indicate where each of the following items would be placed in the Balance Sheet by choosing the answer from the list in the question paper.

4.1.1	
4.1.2	
4.1.3	
4.1.4	

8

4.2

RETAINED INCOME NOTE ON 28 FEBRUARY 2011

Retained income at the beginning of the year	423 000
Retained income at the end of the year	

8

4.3

RECONCILIATION BETWEEN NET PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS FOR THE YEAR ENDED 28 FEBRUARY 2011

Net profit before tax	1 020 350
Operating profit before changes in working capital	
Cash effects of changes in working capital	
Change in inventory	27 000
Cash generated from operations	

11

4.4

ZIPHO LIMITED	
CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011	
Cash effects of operating activities	
Cash generated from operations	
Interest paid	(86 400)
Cash effects of investing activities	
Purchase of fixed assets	
Cash effects of financing activities	613 900
Proceeds of issue of shares	963 900
Repayment of long-term loan	(350 000)
Net change in cash equivalents	
Cash equivalents – beginning of year	
Cash equivalents – end of year	1 155 000

4.5.1 Calculate the earnings per share for 2011.

3

4.5.2 Calculate the net asset value per share for 2011.

4

4.5.3 Calculate the debt-equity ratio for 2011.

3

4.6 The directors are generally happy with the improvement of the liquidity from 2010 to 2011. Quote THREE relevant financial indicators for both years (actual ratios or figures) to support their opinion.

6

4.7

Comment on the price at which the new shares were issued on 1 March 2010. Will the directors and the shareholders be satisfied with this? Explain, quoting relevant figures from the question.

5

4.8

The directors have taken significant decisions during the year which have obviously affected the cash balances. List THREE of these by quoting figures from the Cash Flow Statement in each case. State why each of these decisions will have an important effect on the future results of the company.

Decision taken (quote figures)	Effect on the company in future

9

TOTAL MARKS
80

QUESTION 5

5.1

Prepare a Debtors' Collection Schedule for November 2011.

	Credit sales	November collections
September	R63 000	
October		
November	R58 500	
TOTAL		

8

5.2

Calculate the figures indicated by A–E in the Cash Budget.

A	
B	
C	
D	
E	

11

5.3 Calculate the debtors' average collection period (in days) for the financial year ended 31 October 2011.

Explain whether Alfred should be satisfied with this collection period. Give ONE reason for your opinion.

8

5.4 Refer to the Debtors' Age Analysis. Alfred feels that he has problems in controlling debtors. Give TWO different reasons why he feels this way. Briefly explain. In each case, identify the problem debtor(s).

6

5.5 Calculate the percentage increase in salaries and wages in December 2011.

One of the employees, Mona Lott, is not happy with this increase. State TWO points in response to her complaint.

4

5.6 Explain what you would say to Alfred about each of the following items at the end of October, and give ONE point of advice in each case:

	COMMENT TO ALFRED	ADVICE
Advertising		
Sundry expenses		
Telephone		
Rent income		

8

TOTAL MARKS
45

QUESTION 6

6.1.1 What do the letters *FIFO* stand for?

2

6.1.2 Calculate the value per bicycle on hand on 1 July 2010.

2

6.1.3 Calculate the value of the closing stock on 30 June 2011 according to the FIFO method.

4

6.1.4 Calculate the gross profit on 30 June 2011.

6

6.1.5 As internal auditor, what would you say to Steve and Bongzi? State TWO points.

4

6.2

Identify ONE problem in relation to each branch, quoting figures to support the problem. In each case, offer Doctor Zulu advice on how to solve the problem.

BRANCH	COMMENT	ADVICE
<i>Riverside (Robby)</i>		
<i>Valley View (Vusi)</i>		
<i>Mountain Rise (Melanie)</i>		

12

TOTAL MARKS
30

TOTAL: 300