

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

EXEMPLAR 2014

SPECIAL ANSWER BOOK

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

This answer book consists of 18 pages.

QUESTION 1

1.1.1 Indicate the cost accounts that would be affected by the following in a manufacturing business:

	Details:	Cost account affected:
(a)	Rent paid for factory buildings	
(b)	Overtime paid to factory workers	
(c)	Commission paid to salespersons	
(d)	Cost of raw materials used in the production	
(e)	Salary of internal auditor	

5

**1.1.2 ACE CALCULATORS
Production Cost Statement for the year ended 28 February 2013**

10

1.1.3 Calculate the cost of production per unit.

3

1.2.1 Calculate the break-even point for the year.

Comment on the level of production for the year.

7

1.2.2 Despite the fact that the factory workers were given a 10% wage increase, the direct material cost per unit has dropped by 50 cents per unit.

What could have caused the difference?

What comment would you make to Mark about the control of this item?

3

1.2.3 The fixed costs per unit dropped from R1,90 in 2012 to R1,80 in 2013.

Should Mark be satisfied with this? YES/NO

**What comment would you make to Mark about the control of this item?
Provide figures to support your answer.**

4

1.2.4 Regarding the incident concerning the office manager, Alex Fynn:

Will this be a concern to you? Give a reason for your answer:

Explain what action you would take as internal auditor. State THREE points.

8

40

QUESTION 2

2.1

Make a list of the changes to Aqua Wholesalers' account in the Creditors' Ledger, which the bookkeeper should process to correct the errors or omissions. Give a brief description in the Details column and show the changes to the balances in the Amount column.

Details	Amount
Pre-adjustment balance in Creditors' Ledger	
Correct balance	

12

2.2

Creditor's Reconciliation Statement of Aqua Wholesalers on 31 July 2013

Details	Amount
Balance per statement received from Aqua Wholesalers	
Correct balance	

10

2.3

The owner of Organic Traders is unhappy with the errors which occurred and resulted in inaccurate records in their books. Briefly explain TWO measures that Organic Traders can implement in order to maintain good control over their creditors and to avoid this from happening in future.

4

2.4

Organic Traders is experiencing cash problems and is currently in a position where they are not able to pay their creditors on time. Aqua Wholesalers has granted them a credit limit of R40 000. All their current creditors require them to pay within 30 days and they allow their customers credit terms of 60 days. Suggest TWO ways in which the liquidity position can be improved.

4

30

QUESTION 3

3.1

Explain to the shareholders what the main difference is between a *projected income statement* and a *Cash Budget*.

2

3.2

Name TWO items that could be included in 'other operating expenses'.

2

3.3

Debtors' Collection Schedule for July and August 2013

	Credit sales	July collections	August collections
May	R660 000		
June	R680 000		
July	R800 000		
August	R800 000		
TOTAL			

8

3.4.1 Calculate the % increase in sales in September 2013.

3

3.4.2 Calculate the rent income amount for September 2013. Note that the company is budgeting for a 12% increase in rent starting 1 September 2013.

2

3.4.3 Calculate the total sales for August 2013.

4

3.4.4 Calculate the amount that will be paid to creditors during September.

4

3.4.5 Calculate the amount that will be paid for interim dividends in September 2013.

4

3.4.6 Calculate what the buy-back of shares will cost the company in September 2013.

3

3.4.7 Calculate the interest that will be received for September 2013.

4

3.5.1 What does this amount represent, since the financial year-end of this company is annually at the end of February?

2

3.5.2 How will this amount be calculated?

2

3.6.1 Explain why you believe the shareholders feel this way regarding the collection from debtors.

2

3.6.2 Suggest TWO measures that can be introduced to improve the situation.

2

3.7 Explain what you would say to the directors about each of the following items. Explain ONE point of advice in each case.

	COMMENT TO DIRECTORS	ADVICE
Advertising		
Training of employees		
Rent income		

6

QUESTION 4

**4.1 PROSPECT LIMITED
EXTRACT FROM THE BALANCE SHEET ON 31 MARCH 2013**

Note

			6

4.2 NOTES TO THE FINANCIAL STATEMENTS

**Note 7. ORDINARY SHARE CAPITAL
(ISSUED)**

		13

Note 8. RETAINED INCOME

Balance at beginning of year		
Balance at end of year		15

4.3 Net asset value on 31 March 2013 after the repurchase of shares

	4
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4.4 In your opinion, are the complaints by the Gaptu family about the dividends valid, or not? Explain.

4

4.5 Have the Gaptu family been offered a fair value for their shares? Explain.

3

4.6 In your opinion, will the repurchase of the shares from the Gaptu family benefit the remaining shareholders, or not? Explain.

5

50

QUESTION 5

5.1

5.1.1	
5.1.2	
5.1.3	
5.1.4	
5.1.5	

5

5.2

**BELLCO LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013**

Cash effects of operating activities	1 293 000
Cash generated from operations	4 062 000
Interest paid	(462 000)
Cash effects of investing activities	
Cash effects of financing activities	
Net change in cash & cash equivalents	
Cash & cash equivalents at beginning of year	
Cash & cash equivalents at end of year	540 000

22

5.3.1

Calculation of acid-test ratio

4

5.3.2

Calculation of % return on average shareholders' equity

4

5.3.3

Calculation of debt-equity ratio

3

5.3.4

Calculation of % return on average capital employed (use net income before tax)

4

5.4

The directors are pleased that the operating efficiency of the business has improved. Quote and explain TWO financial indicators to support their opinion.

4

5.5

According to the Companies Act (Act 61 of 1973), the directors may repurchase shares only if the liquidity of the business is acceptable. Quote and explain THREE financial indicators that provide evidence that they have complied with the Act.

6

5.6

One of the directors has suggested that they finance the expansion by increasing loans instead of issuing new shares.

Quote and explain TWO financial indicators to support his opinion.

Explain TWO other factors, with advice, that the directors should consider before embarking on this expansion.

Factor	Advice

10

5.7

Explain in your own words why it is necessary for the independent auditors to mention internal controls under the section on Directors' Responsibility.

Under the section on Independent Auditor's Responsibility, they mention something about 'ethical requirements'. Give a practical example of this.

Is their final opinion a good one or not? Explain.

Why is it necessary for the Independent Auditor to have the qualification CA (SA) behind his name? Explain.

8

70

QUESTION 6

6.1.1 Calculate the profit/loss on the disposal of the office computers sold on 31 March 2013.

6

6.1.2 Calculate the value of stock on hand of the:
Hypa laptops, according to the specific identification method:

ABX Printers, according to the FIFO method:

Silvo printing paper, according to the weighted-average method:

13

6.2

Explain ONE problem relating to each salesperson. Provide figures to support your explanations.

	Explanation of problem (with figure(s))
GUGU	
MANNY	
JIM	

6

What advice would you offer the directors in respect of the plan to employ these salespersons?

3

60

GRAND TOTAL: 300