

**CENTRE NUMBER**

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**EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**NOVEMBER 2009(1)**

***SPECIAL ANSWER BOOK***

<b>QUESTION</b>	<b>MARKS</b>	<b>INITIAL</b>	<b>MOD.</b>
1			
2			
3			
4			
5			
6			
<b>TOTAL</b>			

**This answer book consists of 21 pages.**

**QUESTION 1**

1.1

**Briefly explain why it is important that the balance of the Creditors' Control Account should agree with the total in the Creditors' List.**

2

1.2.1

**List the corrections that the bookkeeper must make to the Creditors' Control Account in the General Ledger. The first one has been done for you as an example. If no entry is applicable, you must write 'NO ENTRY'.**

<b>Balance</b>	<b>R61 417</b>
<b>A</b>	<b>+ R3 400</b>
<b>B</b>	
<b>C</b>	
<b>D</b>	
<b>E</b>	
<b>F</b>	
<b>G</b>	
<b>H</b>	
<b>I</b>	
<b>Final balance</b>	

11

1.2.2

**CREDITORS' LIST ON 31 JULY 2009**

	<b>Debit</b>	<b>Credit</b>
Khan Traders		
Thankful Stores		
Connel Ltd		
Yolisa Wholesalers		

16



**QUESTION 2**

- 2.1 Although this business has done well, David is considering closing it down and investing his capital in fixed property. State TWO points that he should consider before making a final decision.

4

- 2.2 Calculate the number of soccer balls stolen.

5

- 2.3 Calculate the closing stock value of soccer balls using the weighted-average method:

Calculate the closing stock value of soccer jerseys using the FIFO method:

11

**2.4 Calculate the following for soccer jerseys (you may prepare a Trading Account to calculate these figures):**

**Calculate the cost of sales:**

**Calculate the mark-up % on cost:**

**Calculate the stock turnover rate:**

14

**2.5** If David decides to continue with this business, what advice would you offer him? State TWO points and quote financial indicators or specific information from the question to support your answer.

6

TOTAL MARKS
40

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**3.1.2 PRODUCTION COST STATEMENT OF BAKONA BIN MANUFACTURERS  
FOR THE YEAR ENDED 28 FEBRUARY 2009**

	<b>TOTAL</b>
<b>Direct material cost</b>	
<b>Prime cost</b>	
<b>Total cost of production</b>	
<b>Work-in-process on 1 March 2008</b>	
<b>Work-in-process on 28 February 2009</b>	
<b>Cost of production of finished goods</b>	<b>10</b>

**3.1.3 Calculate the unit cost of production per plastic bin completed.**

**3**

**3.2 KOOL MANUFACTURERS**

**3.2.1 One example of a fixed cost:**

**One example of a variable cost:**

**2**

**3.2.2 Explain why it is important to calculate the expected break-even point for a business before the start of a financial year.**

2

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

5

**3.2.4 Comment on your calculation in QUESTION 3.2.3. What advice would you offer Kool Manufacturers? Briefly explain.**

**Comment:**

**Advice:**

3

<b>TOTAL MARKS</b>
55

**QUESTION 4**

**4.1.1 Calculate the profit or loss on disposal of the computer:**

--

<b>8</b>

**4.1.2 SIMPHIWE LTD**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Sales	
	Cost of sales	
	Gross profit	
	Other operating income	
	Fee income	
	Rent income	
	Gross operating income	
	Operating expenses	
	Salaries and wages	
	Discount allowed	
	Insurance	
	Sundry expenses	
	Directors' fees	
	Audit fees	
	Consumable stores	
	Operating profit	
	Interest income	
	Profit before interest expenses/Finance cost	
	Interest expenses/Finance cost	
	Profit before tax	
	Income tax	
	Net profit after tax	

**4.2.1** Explain why it is important for the independent auditor to be a member of a professional body.

2

**4.2.2** Refer to the underlined sentence in paragraph 1. Why do the auditors include this sentence in their report? Briefly explain.

2

**4.2.3** Refer to the underlined words in paragraph 2.

(a) Give ONE example of 'evidence' that an auditor would use.

(b) Give ONE example of the 'accounting principles' he/she would assess as part of the audit. Explain why the auditor would inspect this principle.

5

**4.2.4** Refer to paragraph 3. Explain why you would be satisfied with this audit opinion.

2

**4.2.5** Refer to the disposal of the computer for R800 in Information 2J of QUESTION 4.1. Another director, Sam Smith, has complained that Ivor Steele has acted unethically in taking over the computer for R800. Ivor disagrees.

(a) Give ONE opinion to support Sam.

(b) Give ONE opinion to support Ivor.

4

TOTAL MARKS
70

**QUESTION 5**

<b>5.1.1</b>	<b>Reconciliation between profit before taxation and cash generated from operations</b>	
	Net profit before tax	844 300
	Adjustments:	
	Depreciation	33 500
	Interest on borrowed funds	164 450
	<b>Operating profit before changes in working capital</b>	<b>1 042 250</b>
	<b>Changes in working capital</b>	
	<b>Cash generated from operations</b>	

<b>8</b>

**5.1.2 MANCHESTER LIMITED**  
**CASH-FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2009**

	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
	Cash generated from operations	
	Interest paid	
	Dividends paid	
	Taxation paid	
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
	Purchase of fixed assets	
	Proceeds from the sale of fixed assets	
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
	Proceeds of shares issued	
	Repayment of long-term loans	
	<b>Net change in cash and cash equivalents</b>	
	Cash and cash equivalents at the beginning of the year	
	<b>Cash and cash equivalents at the end of the year</b>	

**5.2 Calculate the following for 2009:**

5.2.1	Current ratio	<input type="text"/>
		3
5.2.2	Acid-test ratio	<input type="text"/>
		4
5.2.3	Net asset value per share	<input type="text"/>
		4
5.2.4	Debt/Equity ratio (Gearing ratio)	<input type="text"/>
		3

**5.3 Explain why the directors decided to reduce the long-term loan significantly during the current financial year. In your opinion, was this a wise decision? Explain, quoting evidence (figures/financial indicators) from the question.**

  
6

**5.4** Comment on the return on shareholders' equity, earnings and dividends earned by the shareholders. Quote evidence (figures/financial indicators) from the question.

Return on shareholders' equity

Earnings

Dividends

6

**5.5** Calculate the premium at which the new shares were issued.

5

**5.6** The existing shareholders are unhappy with the price at which the additional shares were sold. Discuss, quoting ONE figure or financial indicator to support your answer.

3

TOTAL MARKS
70

**QUESTION 6****6.1 DEBTORS' COLLECTION SCHEDULE OF AFRICA CERAMICS FOR THE PERIOD ENDING 31 DECEMBER 2009**

Month	Credit sales R	DEBTORS' COLLECTION		
		October 2009 R	November 2009 R	December 2009 R
August	360 000	<b>64 800</b>		
September	540 000	<b>270 000</b>		
October	450 000	<b>129 600</b>		
November	420 000			
December	420 000			
<b>TOTALS</b>		<b>464 400</b>		

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**6.2 Compare the budgeted figures to the actual figures for October to comment on each of the following. State TWO points in each case.**

- Advertising
  
  
  
- Repairs and maintenance
  
  
  
- Delivery expenses

6

**6.3** Joe is pleased that the number of customers has increased. You do not share his opinion that this increase in customers is good.

	(a) Description of problem, quoting of figures:	(b) Advice:
1.		
2.		

8

**6.4** By looking at the Cash Budget in Information 3 and assuming all other items are in line with the budget, would you expect the bank balance at the end of October to be favourable or unfavourable? Give a reason for your answer.

Favourable or unfavourable balance?

Reason:

3

TOTAL MARKS
30

**TOTAL: 300**