

**CENTRE NUMBER**

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**EXAMINATION NUMBER**

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**NOVEMBER 2013**

***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 CONCEPTS

Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.1.1–1.1.3).

1.1.1	
1.1.2	
1.1.3	

6

### 1.2 COMPANY TRANSACTIONS

Use the table provided to indicate the following for each transaction:

- Account debited and account credited in the General Ledger
- Effect on the accounting equation

The bank balance is favourable at all times.

NO.	ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT	A	O	L
e.g.	<i>Directors' Fees</i>	<i>Bank</i>	<i>145 000</i>	–	–	0
1.2.1			<i>37 400</i>			
1.2.2			<i>180 000</i>			
1.2.3			<i>55 000</i>			

12

### 1.3 DEBTORS' RECONCILIATION

#### 1.3.1 CORRECTIONS TO THE DEBTORS' CONTROL ACCOUNT

Current Debtors' Control Account balance	20 100
A.	
B.	
C.	
D.	
E.	
Correct Debtors' Control Account balance	

7

#### 1.3.2 DEBTORS' LIST ON 30 SEPTEMBER 2013

T Stoffels	(3 800	
E Khune	(7 400	
S Mashele	(–1 900	
M Devnarain	(10 600	
Correct total of Debtors' List		

10

TOTAL MARKS
35

## QUESTION 2

- 2.1 Choose a cost category from COLUMN B that matches a description in COLUMN A. Write only the letter (A–D) next to the question number (2.1.1–2.1.4).

2.1.1	
2.1.2	
2.1.3	
2.1.4	

8

- 2.2 2.2.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

Direct material cost	
Direct labour cost	985 600
PRIME COST	
Factory overhead cost	94 980
TOTAL MANUFACTURING COST	
Work-in-process (1 September 2012)	12 420
Work-in-process (31 August 2013)	
COST OF PRODUCTION OF FINISHED GOODS	

8

### FACTORY OVERHEAD COST

Indirect material	7 360
Indirect labour	22 230
Depreciation of factory plant	8 630
Rent expense	
Water and electricity	
Sundry expenses	
	94 980

5

**2.2.2** The internal auditor is not satisfied with the direct labour cost for the year.

Explain the problem relating to the direct labour cost and quote figures to support your explanation.

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3

Give TWO possible solutions to this problem.

<b>Solution 1</b>

<b>Solution 2</b>

4

**2.3**      **2.3.1** Calculate the number of units that Sally needed to produce in order to break even in 2013.

--

4

**2.3.2** Comment on the number of bags she is producing. Quote figures or financial indicators to support your answer. Refer to the break-even calculation in your answer.

--

3

<b>TOTAL MARKS</b>
------------------------

35

**QUESTION 3**

- 3.1 Give ONE word/term for each of the descriptions by choosing a word/term from the list. Write only the word/term next to the question number (3.1.1–3.1.4).**

<b>3.1.1</b>	
<b>3.1.2</b>	
<b>3.1.3</b>	
<b>3.1.4</b>	

<b>8</b>

### 3.2 SELATI LIMITED

#### 3.2.1 INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

<b>Sales</b>	
<b>Cost of sales</b>	<b>(8 200 000)</b>
<b>Gross profit</b>	
<b>Other income</b>	
<b>Gross operating profit</b>	
<b>Operating expenses</b>	<b>(3 348 420)</b>
Salaries and wages	
Directors' fees	
Audit fees	
Employer's contribution (Pension and UIF)	
<b>Operating profit</b>	
<b>Profit before interest expense</b>	
<b>Net profit before tax</b>	
<b>Net profit after tax</b>	<b>588 000</b>

3.2.2

NOTE FOR RETAINED INCOME	
Balance at the beginning of the year	735 000
Net profit after tax	
Balance at the end of the year	

7

3.3 AUDIT REPORT

As a shareholder, why would you be concerned about this audit report? Explain. State THREE points.

Point 1	
Point 2	
Point 3	

6

TOTAL MARKS
75



## QUESTION 4

- 4.1 Refer to Information 8 regarding the special programmes that are published with the financial statements in the annual report.

4.1.1 Main benefit of crime prevention programme for the company:

Main benefit of training programme for the company:

4

4.1.2 Apart from the points mentioned above, why would the directors want to mention these programmes in the annual report? Explain.

2

## 4.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(168 000)
Income tax paid	A
Dividends paid	B
<b>CASH EFFECTS OF INVESTING ACTIVITIES</b>	<b>(314 000)</b>
Fixed assets purchased	(400 000)
Proceeds from sale of fixed assets	86 000
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>	
Proceeds of shares issued	C
Increase/Decrease in loans	D
<b>Net change in cash and cash equivalents</b>	<b>E</b>
<b>Cash and cash equivalents (1 March 2012)</b>	<b>F</b>
<b>Cash and cash equivalents (28 February 2013)</b>	<b>78 000</b>

15

- 4.3 Calculate the following financial indicators for the financial year ending 28 February 2013:**

**4.3.1 Percentage net profit after tax on sales**

**3**

**4.3.2 Earnings per share**

**3**

**4.3.3 Debt-equity ratio**

**3**

**4.3.4 Return on average shareholders' equity (ROSHE)**

**5**

4.4

The directors are of the opinion that the operating efficiency of the company has improved. Quote and explain TWO financial indicators (with figures) to support their opinion.

4

4.5

The shareholders are happy with their return, earnings and dividends. Quote and explain THREE financial indicators (with figures) to support their opinion.

Comment on shareholders' return:

Comment on earnings:

Comment on dividends:

6

4.6

**New shares were issued at the beginning of the financial year at R9,00 each. As an existing shareholder, would you be satisfied with this issue price?**

**Yes/No:**

**Quote TWO financial indicators (with figures) to explain your opinion:**

5

4.7

**A large loan repayment was made. Comment on whether this was a good idea or not. Quote TWO financial indicators (with figures) to support your comment.**

4

4.8

Apart from the dividends and the loan, what other major decisions by the directors are reflected in the Cash Flow Statement? State TWO major decisions and quote the relevant figures. Also explain how EACH of these decisions would benefit the company in future.

Decision 1 (with figures)	Explanation of benefit to company
Decision 2 (with figures)	Explanation of benefit to company

6

TOTAL MARKS
60

### QUESTION 5

**5.1** Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (5.1.1–5.1.3).

**5.1.1** The main purpose of preparing the Cash Budget is ...

2

**5.1.2** ONE item in the Cash Budget that will not be reflected in a Projected Income Statement is ...

2

**5.1.3** ONE item that will appear in a Projected Income Statement but not in a Cash Budget is ...

2

**5.2** Calculate the missing figures in the Debtors' Collection Schedule and the Cash Budget indicated by A to H:

	CALCULATION	ANSWER
A		
B		
C		
D		
E		
F		
G		
H		

22

- 5.3 Explain what you would say to Peter about each of the following items at the end of November, and give ONE point of advice in EACH case:

	EXPLANATION	ADVICE
Telephone		
Sundry expenses		
Rent income		

6

- 5.4 In order to increase sales and the number of customers, Peter intends to advertise that credit limits for all credit customers will be increased to R35 000 and that new customers are welcome to open accounts during April.

Give THREE points of advice to Peter in this regard.

Point 1	
Point 2	
Point 3	

6

TOTAL  
MARKS

40

**QUESTION 6**

**6.1 FIXED ASSETS**

**6.1.1 Calculate the missing figures indicated by A, B and C in the Fixed Asset Note:**

	CALCULATION	ANSWER
A		
B		
C		

9

**6.1.2 LEDGER OF ULWAZI LTD**

**ASSET DISPOSAL ACCOUNT**


11

**6.1.3 You are the internal auditor. State TWO concerns that you would voice in respect of the fixed assets with the board of directors. Explain in EACH case why you are concerned.**

CONCERN	REASON

4



**6.2      6.2.1      Value of closing stock according to the FIFO method on 31 July 2013.**

**7**

**6.2.2      Calculation of mark-up percentage (%) achieved on cost**

**Calculation of stock holding period (use average stock in your calculation)**

**8**

**6.2.3      The business aims at a mark-up of 30% on cost. As the internal auditor, what would you investigate? Explain. State TWO points.**

**4**

**6.2.4      The stock holding period for 2012 was 30 days. Should Mohammed be satisfied with the stock holding period for 2013? Explain.**

**Yes/No:**

**Explanation:**

**3**

6.3

<b>Identify ONE problem with regard to each shop, quoting figures in identifying each problem. In EACH case, advise Sizwe on how to solve the problem.</b>	
<b>SHOP 1: THANDEKA</b>	
<b>Problem identified (with figures)</b>	
<b>Advice</b>	
<b>SHOP 2: DLUDLU</b>	
<b>Problem identified (with figures)</b>	
<b>Advice</b>	
<b>SHOP 3: SIPHO</b>	
<b>Problem identified (with figures)</b>	
<b>Advice</b>	

9

<b>TOTAL MARKS</b>
<b>55</b>

**TOTAL: 300**