

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

NOVEMBER 2012

SPECIAL ANSWER BOOK

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

This answer book consists of 20 pages.

QUESTION 1

1.1

Indicate whether the statements are TRUE or FALSE.

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

10

1.2

1.2.1

Calculate the total value of the opening stock (A).

3

1.2.2

Calculate the value of the tiles received on 25 April 2012 (B).

4

1.2.3

Calculate the value of the closing stock using the weighted-average method.

6

1.3 1.3.1

Calculate the amount owed to SARS for VAT.

--

9

1.3.2

Amy has not yet submitted the VAT return. John Smith is the internal auditor. He has a CA qualification. He has noticed that an invoice for purchases from KZN Wholesalers amounting to R200 000 has been signed by Amy and recorded by the bookkeeper. On investigation he discovers that KZN Wholesalers does not exist.

What should John Smith do about this? Explain.

--

3

TOTAL MARKS
35

3.2 3.2.1

	BLANKETS	TOWELS
Which production cost caused the biggest problem?		
Explanation and figures to support your opinion		
Possible solution for Benny		

6

3.2.2

Benny does not know how to calculate the break-even point. Give the workings to prove that the 2012 break-even point of 12 298 units for blankets is in fact correct.

4

3.2.3

Refer to the number of blankets produced and sold in 2012, and the break-even point for blankets. Explain why these figures should be of concern to Benny. Quote figures to support your answer.

4

3.2.4

Which product should Benny increase in price by R15,00?

Explain and quote figures to support your answer.

In this case, estimate how much extra net profit he could earn next year assuming that his level of production and sales will remain unchanged. Give a calculation to support your answer.

5

TOTAL MARKS
55

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QUESTION 4

4.1

Choose a description from COLUMN B that matches the term in COLUMN A. Write only the letter (A–D) next to the question number (4.1.1–4.1.4).

4.1.1	
4.1.2	
4.1.3	
4.1.4	

8

4.2

MASTER LIMITED

4.2.1 NOTE TO THE BALANCE SHEET ON 30 JUNE 2012

FIXED/TANGIBLE ASSETS	LAND AND BUILDINGS	EQUIPMENT	VEHICLES
Carrying value – 1 July 2011	R 930 000	R 220 000	R 519 200
Cost	930 000	561 000	814 000
Accumulated depreciation	0	(341 000)	(294 800)
Movements			
Additions at cost	*	*	0
Disposal at carrying value	0	0	*
Depreciation	0	*	(98 890)
Carrying value – 30 June 2012	1 580 000	*	*
Cost	1 580 000	616 000	*
Accumulated depreciation	0	*	*

17

4.2.2

Calculate the Retained Income on 30 June 2012. (You may prepare an Appropriation Account if you wish.)

7

4.2.3 MASTER LIMITED – BALANCE SHEET ON 30 JUNE 2012

ASSETS	
Non-current assets	
Fixed/Tangible assets	
Current Assets	
Inventories	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Ordinary shareholders' equity	
Ordinary share capital	
Retained income	
Non-current liabilities	
Current liabilities	
TOTAL EQUITY AND LIABILITIES	

38

TOTAL MARKS
70

QUESTION 5

5.1

Write down the missing words.

5.1.1	
5.1.2	
5.1.3	
5.1.4	
5.1.5	

10

5.2

5.2.1

Calculate the acid-test ratio.

4

5.2.2

Calculate the earnings per share (in cents).

4

5.2.3

Calculate the net asset value per share (in cents).

3

5.2.4 Calculate the percentage return on average shareholders' equity.

5

5.2.5 Calculate the figures that will appear in the Cash Flow Statement for:

Repayment of loans

2

Proceeds of issue of ordinary shares

4

Fixed assets purchased (Note that fixed assets with a book value of R105 000 were sold at carrying value.)

5

5.3 5.3.1

James is of the opinion that Pomi Ltd is handling its working capital more effectively and is in a better liquidity situation than Kwela Ltd. Explain and quote **THREE** financial indicators to support his opinion.

9

5.3.2

Which company is making more use of loans? Quote a financial indicator for each company.

Explain whether or not it was a good idea for that company to make use of loans. Quote **ONE** financial indicator.

6

5.3.3

Kwela Ltd has a better percentage return, earnings and dividends than Pomi Ltd. Explain and quote THREE financial indicators for each company.

9

5.3.4

Explain why the existing shareholders of Kwela Ltd are happy with the current market value of their shares. Quote a financial indicator/figures to support your answer.

Explain why the existing shareholders of Pomi Ltd are very disappointed with the current market value of their shares. Quote a financial indicator/figures to support your answer.

4

5.4

How would these audit reports influence James in deciding in which company to buy shares?

Explanation on the audit report of Kwela Ltd

Explanation on the audit report of Pomi Ltd

5

TOTAL MARKS
70

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QUESTION 6

6.1

Explain why it is important for Jim to prepare a Projected Income Statement.

2

6.2

Calculate the percentage increase in sales he expects in December.

Explain why he has budgeted for this increase.

4

6.3

Calculate the mark-up percentage he actually achieved in October.

Explain whether or not it was a good idea to change the mark-up percentage from its original target.

6

6.4

Calculate the following figures in the Projected Income Statement:

	WORKINGS	ANSWER
Rent income for November 2012		
Advertising for December 2012		
Interest expense for November 2012		

10

6.5

Refer to the actual and budgeted figures for October 2012. Identify the **THREE** overhead expenses that have been poorly controlled by Jim. Quote figures to support your answer.

What advice would you offer Jim to improve his internal control over these overhead expenses? Explain.

6

2

6.6

Jim is of the opinion that he could benefit financially if he accepts Samuel's offer. State THREE points that would have a positive effect on his Projected Income Statement for January 2013 if he accepts the offer. Give figures or information from the question to support your answer.

Point 1:

Point 2:

Point 3:

6

6.7

Jim is also conscious of the fact that there are negative points if he accepts the offer. State TWO points that Jim should consider before finalising his decision to sell the property. Explain.

Point 1:

Point 2:

4

TOTAL MARKS
40

TOTAL: 300