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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 2012

SPECIAL ANSWER BOOK

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

This answer book consists of 16 pages.

QUESTION 1

- 1.1** Complete the statements by writing down the missing words or figures. (For QUESTIONS 1.1.3 and 1.1.4 choose from the words given in brackets.)

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	
1.1.6	

14

- 1.2.1** Calculate the value of the closing inventory according to the FIFO method on 31 December 2011.

6

- 1.2.2** Calculate cost of sales.

Calculate gross profit.

9

- 1.2.3 Use the figures calculated above to calculate the mark-up % on cost achieved.

5

- 1.2.4 Refer to the mark-up % calculated above. Comment on whether this mark-up % has been beneficial to Mzansi Traders in 2011. Note that in the previous financial year the gross profit was R400 000 and the mark-up % was 75%.

6

TOTAL MARKS
40

QUESTION 2

2.1 Choose the correct answer and 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 Calculate the value of direct labour cost that would appear in the Production Cost Statement for the year ended 28 February 2011.

5

2.3.1 Calculate the total production cost of finished goods.

5

2.3.2 Calculate the unit cost of production (per tracksuit).

3

2.4.1 Calculate the number of metres of raw material fabric that appear to be wasted during the production process.

6

- 2.4.2** There has been no theft in this business. Give TWO examples of how the wastage could have occurred and in each case, advise Miriam on how to solve the problem.

	EXAMPLES	ADVICE
1.		
2.		

8

- 2.5.1** Refer to Information D. Calculate the break-even point for the 2011 financial year.

6

- 2.5.2** The break-even point for 2010 was 2 250 units. Should Miriam be satisfied or dissatisfied with the break-even point for 2011 calculated above? Explain.

4

TOTAL MARKS
45

QUESTION 3**3.1** Indicate whether the statements are TRUE or FALSE:

3.1.1	
3.1.2	
3.1.3	
3.1.4	

8

3.2.1 See next page.**3.2.2** NOTES TO FINANCIAL STATEMENTS

FIXED ASSETS	Vehicles	Equipment
Carrying value – beginning of year		
Cost price		
Accumulated depreciation	(468 000)	(105 000)
Movements		
Additions		
Disposals (31 December 2011)		
Depreciation		
Carrying value – end of year		
Cost price		
Accumulated depreciation		

16

3.2.1 PRIME LTD
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2012

	Sales	
	Cost of sales	
	Gross profit	
	Other operating income	
	Rent income	
	Gross operating income	
	Operating expenses	
	Directors' fees	
	Audit fees	
	Salaries and wages	
	Consumable stores	
	Bank charges	
	Sundry expenses	
	Bad debts	
	Operating profit before interest	
	Profit before tax	
	Net profit after tax	

3.2.2 See previous page.

3.3.1 Explain what the role of the independent auditor is.

2

3.3.2 Name TWO persons other than the shareholders who would be interested in the audit report and give a reason for their interest.

6

3.3.3 Explain why it is important for an independent auditor to belong to a professional body like SAICA.

2

TOTAL MARKS
80

QUESTION 4**4.1****APPROPRIATION ACCOUNT**

2011 Dec.	31			2011 Dec.	31		

13

4.2

Calculate only the missing figures indicated by (a) to (e) in the Cash Flow Statement of Ambrosio Ltd on 31 December 2011.

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

15

4.3.1

Calculate the % operating expenses on sales on 31 December 2011.

3

4.3.2 Calculate the solvency ratio on 31 December 2011.

4

4.3.3 Calculate the debt-equity ratio on 31 December 2011.

	3

4.4 Comment on the operating efficiency of the company for the year ended 31 December 2011. Quote TWO financial indicators (actual ratios or percentages) relating to the Income Statement to support your comments.

	6

4.5

Would the shareholders be happy with the returns, earnings and dividends for the year ended 31 December 2011? Explain. Quote THREE financial indicators (actual ratios or percentages) or figures to support your comments.

Opinion:

Explanation:

Quoting of financial indicators or figures:

12

4.6

The CEO feels that it would be a good idea to increase the loans next year. Quote TWO financial indicators (actual ratios or percentages) to support his opinion.

4

TOTAL MARKS
60

QUESTION 5**5.1.1 Calculate the figures indicated by A–E in the Cash Budget.**

A	
B	
C	
D	
E	

5

5.1.2 Calculate the entertainment expenses for January 2012.

3

5.1.3 Calculate the % increase in the rent income for January 2012.

3

5.1.4 Calculate the expected receipts from debtors for January 2012.

6

5.1.5 Calculate the expected payments for the purchase of stock for February 2012.

5

- 5.1.6 State TWO points that should be included in the internal auditors' report to John Smith.**

4

- 5.1.7 According to an article in the local newspaper, allegations are made that Feetfit Shoe Wholesalers are polluting the area by dumping their waste in a nearby field.**

Explain how the owner would react to this article.

If the allegations are true, how should the owner address the problem?

This could affect the Cash Budget in several ways in future. Explain why the owner, John Smith, should be concerned about this.

7

5.2

Apart from the differences in sales, identify ONE problem in relation to each branch. Quote figures to support the problem identified. In each case, offer Philip advice on how to solve the problem.

BRANCH	COMMENTS AND FIGURES	ADVICE
Alfred		
Temba		
Katy		

12

TOTAL MARKS
45

QUESTION 6

- 6.1** Explain why the Debtors' Control Account should correspond with the Debtors' List.

2

- 6.2** Explain TWO processes the bookkeeper should follow if he/she discovers a difference between the Debtors' Control Account and the Debtors' List from the Debtors' Ledger.

4

- 6.3.1** Calculate the correct closing balance of the Debtors' Control Account on 31 March 2011.

5

- 6.3.2** Calculate the correct amounts owing by the following debtors of Crystal Traders:

	WORKINGS	ANSWER
R Jansen	R41 200	
S Wonder	R23 000	
P Collins	R7 900	

12

6.4.1 Is Crystal Traders controlling their debtors effectively? Explain, quoting figures to support your answer.

3

6.4.2 Explain TWO measures a business can introduce to improve the collection of funds from debtors.

4

TOTAL MARKS
30

TOTAL: 300