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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

FEBRUARY/MARCH 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

Indicate in which cost account each of the items will be classified by choosing the answer from the options provided.

1.1.1	
1.1.2	
1.1.3	
1.1.4	

8

1.2

1.2.1

Calculate the total selling and distribution costs.

2

1.2.2

Calculate the administration cost per unit.

2

1.2.3

Calculate the total cost of production for 2012.

4

1.3

1.3.1

Calculate the break-even point for 2012.

6

1.3.2

Will Charley be satisfied with the number of units produced? Explain quoting figures to support your answer.

3

1.4

1.4.1

Direct materials cost: Explain why Charley should not be too concerned about the direct materials cost. Provide figures to support your answer.

2

1.4.2

Direct labour cost and factory overhead cost: Provide figures to explain why direct labour and factory overhead cost should be of major concern to him. In each case, name a possible problem which led to an increase in each of these costs. Provide practical advice to solve each of the problems you have suggested.

	DIRECT LABOUR COST	FACTORY OVERHEAD COST
Explanation with figures		
Possible problem which led to an increase in the cost		
Practical advice to solve this problem		

8

TOTAL MARKS

35

QUESTION 2**2.1****Indicate whether the statements are TRUE or FALSE.**

2.1.1	
2.1.2	
2.1.3	
2.1.4	

8

2.2**Calculate the correct totals for the Cash Receipts Journal and Cash Payments Journal for December 2012.**

Calculation of CRJ total
23 500

Calculation of CPJ total
28 640

12

2.3**Prepare the Bank Reconciliation Statement on 31 December 2012.**

9

2.4

Refer to cheque no. 620 in the Bank Reconciliation Statement of November 2012. How would this be recorded in the financial statements for the year ending 31 December 2012? Give a reason.

3

2.5

2.5.1

Which GAAP principle was applied in writing off this amount?

1

2.5.2

How can a similar problem be avoided in the future?

2

TOTAL MARKS
35

QUESTION 3

3.1

Choose a GAAP principle from COLUMN B to match the description in COLUMN A. Write only the letter (A–D) next to the question number (3.1.1–3.1.4).

3.1.1	
3.1.2	
3.1.3	
3.1.4	

8

3.2

3.2.1

GLOBAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FIXED/TANGIBLE ASSETS	Land and Buildings	Vehicles	Equipment
Carrying value at beginning of year	810 000		
Cost	810 000		
Accumulated depreciation	0		
Movements			
Additions at cost		133 000	
Disposal at carrying value			
Depreciation			(35 040)
Carrying value at end of year	810 000		
Cost	810 000		
Accumulated depreciation	0		

18

3.2.2

**GLOBAL LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013**

	Sales	
	Cost of sales	
	Gross profit	
	Other operating income	
	Gross operating income	
	Operating expenses	
	Operating profit	
	Profit before interest expenses/Finance cost	
	Profit before tax	
	Income tax	
	Net profit after tax	

3.2.3

RETAINED INCOME NOTE ON 28 FEBRUARY 2013

Retained income at the beginning of the year	
Retained income at the end of the year	

9

TOTAL MARKS
80

QUESTION 4

4.1

Complete the statements by choosing a word from the options provided.

4.1.1	
4.1.2	
4.1.3	
4.1.4	

8

4.2

4.2.1

Calculate the current ratio.

3

4.2.2

Calculate the earnings per share (in cents).

3

4.2.3 Calculate the debt/equity ratio.

3

4.2.4 Calculate the percentage return earned on total capital employed (before tax).

5

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

(a) Repayment of loans

2

(b) Proceeds of issue of ordinary shares

4

(c) Fixed assets purchased (note that fixed assets with a book value of R115 500 were sold at carrying value)

5

4.3 4.3.1

Explain why the liquidity financial indicators of Lolly Ltd are better than those of Peggy Ltd. Quote THREE financial indicators to support your answer.

9

4.3.2

Which company uses more loans? Quote a financial indicator to support your answer.

Explain whether this is a good idea or not. Quote a financial indicator to support your answer.

6

4.3.3

The market price of shares in Peggy Ltd is doing much better than that of Lolly Ltd. Explain, quoting TWO financial indicators to support this opinion.

4

4.3.4

Peggy Ltd has a better percentage return, earnings and dividends than Lolly Ltd. Explain by quoting THREE financial indicators to support this opinion.

9

4.4

Comment on the audit reports of Lolly Ltd and Peggy Ltd. In each case, explain how the report will affect Peter's decision concerning the shares he wishes to purchase in the company.

Comment on Lolly Ltd:

Comment on Peggy Ltd:

4

TOTAL MARKS
65

QUESTION 5**5.1 5.1.1****Calculate the value of the closing stock for cricket bats (use the FIFO method).**

5

5.1.2**Calculate the value of the closing stock for cricket balls (use the weighted-average method).**

7

5.2**5.2.1****Calculate the cost of sales for cricket bats.**

6

5.2.2**Calculate the gross profit for cricket bats.**

3

5.3**5.3.1****Calculate the number of cricket bats that appear to be missing.**

3

5.3.2**Explain TWO control measures Anele could put in place to avoid this from happening in future.**

4

5.4

Provide evidence from the information provided to support Anele's concern regarding the cricket balls supplier. State TWO points and quote figures to support your answer.

4

5.5

Anele has since discovered that the new supplier of the cricket balls is a family member of Chris.

What advice would you offer to Anele in this regard?

3

TOTAL MARKS
35

QUESTION 6

- 6.1 Identify TWO items that Mabel has incorrectly entered in the Cash Budget.

4

- 6.2 Apart from the items in QUESTION 6.1 above, name TWO other items in the Payments Section of the Cash Budget (see Information 4) that would NOT appear in a Projected Income Statement.

4

- 6.3 Identify or calculate A and B. Indicate negative figures in brackets.

A	
B	

3

- 6.4 Identify or calculate the missing figures C and D in the extract from the Cash Budget (Information 4).

	WORKINGS:	ANSWER:
C		
D		

7

6.5

Complete the Debtors' Collection Schedule for February 2013.

	Credit sales	February collections
December	R80 000	
January		
February	R56 000	
TOTAL		

10

6.6

Calculate the percentage increase in salary and wages with effect from 1 February 2013.

2

6.7

Calculate the interest on the fixed deposit for January 2013.

2

6.8

6.8.1

Calculate the delivery expenses for January 2013.

2

6.8.2

John is of the opinion that this expense is costing him too much. Which TWO points should John consider before deciding on whether to discontinue this service?

4

6.9

Explain what you would say to John about each of the following items at the end of January 2013. Give ONE point of advice in each case.

	COMMENT	ADVICE
Advertising		
Stationery		
Staff training		

6

6.10

John realises that all three options have the advantage of not requiring the R150 000 outlay in March 2013.

Consider each of the options below and explain **ONE OTHER** advantage and **ONE** disadvantage related to each option.

	OTHER ADVANTAGE	DISADVANTAGE
Option 1: Raise a new loan at an interest rate of 14% p.a. to be repaid over 36 months.		
Option 2: Hire (lease) the assets from IT Connect Ltd at R5 100 per month		
Option 3: Invite his friend James to become an equal partner in the business and provide capital of R150 000		

6

TOTAL MARKS

50

TOTAL: 300