



ACCOUNTING: PAPER I

EXAMINATION NUMBER

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Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 12 pages and an Information Booklet of 8 (i to viii) pages with a Ratio Sheet on page i. Please check that your question paper is complete.
2. Read the questions carefully.
3. Answer the questions in the space provided.
4. It is in your own interest to write legibly and present your work neatly.
5. You may **not** use red or green ink. **You may use a pencil, but please use a soft, dark pencil.**
6. All calculations should be rounded off to two decimal places.
7. It is essential that all working details be shown **in order to earn part marks.**
8. The allocation of marks and appropriate time to be taken for each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Asset Management (27 minutes)	45			
Question 2: Manufacturing (31 minutes)	50			
Question 3: Cash Flow Statements (26 minutes)	43			
Question 4: Company Financials (36 minutes)	62			
TOTAL	200			Checker

QUESTION 1 ASSET MANAGEMENT (45 marks; 27 minutes)

Refer to the Information Booklet for information relating to Netlogic.

Refer to Information A to answer Questions 1.1 – 1.6.

- 1.1 Calculate the weighted average value per unit for stock of computers for the year ended 31 December 2012.

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(3)

- 1.2 Prepare the Trading Account as it would appear in the final accounts of the General Ledger.

General Ledger of Netlogic

Final Accounts Section

Trading Account

(9)

- 1.3 Other than the Christmas period, provide a reason why the selling price of the laptops was decreased in December.

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(2)

- 1.4 Prepare the VAT Control account, clearly showing the amount due to/by SARS for the year ending 31 December 2012.

General Ledger of Netlogic

VAT Control Account

(10)

1.5 The General Manager of Netlogic has instructed the purchasing manager to double the purchase of laptops in January 2013 as the supplier is a friend of his and has offered a 10% discount for the bulk purchase of 2012 model laptops. The purchasing manager is unhappy to do this. Why do you think the purchasing manager is reluctant to carry out this instruction? Justify your answer by providing a reason.

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(2)

1.6 The accountant is concerned about the number of laptops on hand at the end of the year, and has decided to donate 30 laptops to underprivileged schools in the area. The manager has said that this decision was 'a good business decision'.

Give 2 reasons why this might be a good business decision.

Reason 1	
Reason 2	

(4)

Refer to Information B to answer Questions 1.7 – 1.11.

1.7 Determine the method of depreciation on the Volkswagen Caddy used by Netlogic, and explain why this method could be seen/justified as the best method of depreciation for the business.

Method	
Justification	

(3)

1.8 Calculate the rate of depreciation on the Volkswagen Caddy.

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(2)

1.9 On what date was the Volkswagen Caddy traded in?

(4)

1.10 Calculate the trade-in price that Netlogic received on the Volkswagen Caddy.

(3)

1.11 Do you think the business made the right decision to trade in the old Volkswagen Caddy and purchase a new delivery vehicle? Substantiate your answer.

(3)

45

Working for Question 2

QUESTION 2 MANUFACTURING

(50 marks, 31 minutes)

Refer to the Information Booklet for information relating to Ingivela iAfrika.

2.1 Calculate the value of the closing stock of raw materials.

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(3)

2.2 Prepare the following notes to the Production Cost Statement for the year ended 30 September 2013.

2.2.1 Raw materials cost

(4)

2.2.2 Direct labour cost

(6)

2.3 Complete the production cost statement for the year ended 30 September 2013.

Prime costs		
Direct materials cost	1	
Direct labour cost	2	
Factory overheads cost	3	
Total manufacturing costs		
Work in progress at the beginning of the year		0
Work in progress at the end of the year		0
Cost of production of finished goods	6	

(8)

2.4 Calculate the unit cost of production per tablecloth.

(3)

2.5 The business uses 1,25 metres of material to make one tablecloth. The accountant has a suspicion that material is going missing from the factory. Prove that he is correct by calculating the amount of material missing.

(4)

2.6 Upon further investigation, it was discovered that the factory supervisor, Mrs Cope, who has been employed by the business for the past 20 years, was responsible for the material that had gone missing. When questioned she admitted that she had taken the material in order to sew tablecloths for the local children's orphanage to sell at their annual craft market.

What disciplinary action do you think should be meted out to Mrs Cope?
 Motivate this action with a reason.

(4)

2.7 Complete the Income Statement of Ingivela iAfika for the year ended 30 September 2013. **Show any necessary calculations in brackets.**

	R
Sales	3 364 820
Cost of Sales (
Gross Profit for the year	
Other operating costs	
Net profit for the year	

(10)

2.8 Calculate the **total variable** cost per unit.

(4)

2.9 Although production has increased, the owner Carmen Pillay, is concerned about the control of certain costs. Identify and analyse **one cost** that you think may be a problem, and provide a possible cause of this problem.

Identification:
Analysis:
Possible cause:

(4)

50

QUESTION 3 CASH FLOW STATEMENTS (43 marks, 26 minutes)

Refer to the Information Booklet for information relating to Investicon LTD.

NOTE:

- Some figures have been filled in for you, these are correct.
- Any workings must be shown in the brackets provided.

3.1 Complete the note showing the reconciliation of profit before taxation and cash generated from operations.

()	
Adjustment in respect of:	
Depreciation ()	
Interest expense	
Operating profit before changes in working capital	
Changes in working capital	
Increase/Decrease in inventory ()	
Cash generated from operations	

(21)

3.2 Complete the cash flow statement for the year ended 28 February 2013.

Cash flows from operating activities	
Cash generated from operations	
Taxations paid	(121 000)
Dividends paid	(160 000)
Cash flows from investing activities	(660 000)
Purchase of tangible assets	720 000
Proceeds of the disposal of tangible assets	(60 000)
Cash flows from financing activities	
Proceeds from long term loans ()	
Repayment of long term loans	
Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	(56 800)
Cash and cash equivalents at the end of the year	

(16)

3.3 Calculate the interim dividend paid to shareholders by Investicon LTD on 1 June 2012. All shares qualified for this dividend.

(3)

3.4 The purchase of the new building was financed mainly by the issue of new shares rather than extending the loan. With reference to return and gearing, do you think that this was a good business decision?

(3)

QUESTION 4 COMPANY FINANCIALS (62 marks, 36 minutes)

Refer to the Information Booklet for information relating to Westek Limited.

- 4.1 Complete the retained income note as it would appear in the financial statements of Westek Limited as at 30 June 2013.

**Westek Limited
Notes to the financial statement as at 30 June 2013**

Retained income

Balance as at 1 July 2012		
Net income after tax		
Dividends		
Paid		
Declared		
Balance as at 30 June 2013		

(8)

4.2 Complete the Balance Sheet of Westek Limited as at 30 June 2013.
It is essential to show all calculations in brackets.

Westek Limited
Balance Sheet as at 30 June 2013

ASSETS	
Non-current assets	
Tangible/Fixed assets (
Financial assets	
Non-current assets	
Inventories (66 400	
Trade and other receivables (70 610	
Cash and cash equivalents	0
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Shareholders' equity	
Non-current liabilities	
Current liabilities	
Trade and other payables (43 250	
TOTAL EQUITY AND LIABILITIES	

(54)

62

Total: 200 marks