

This answer book consists of 18 pages.

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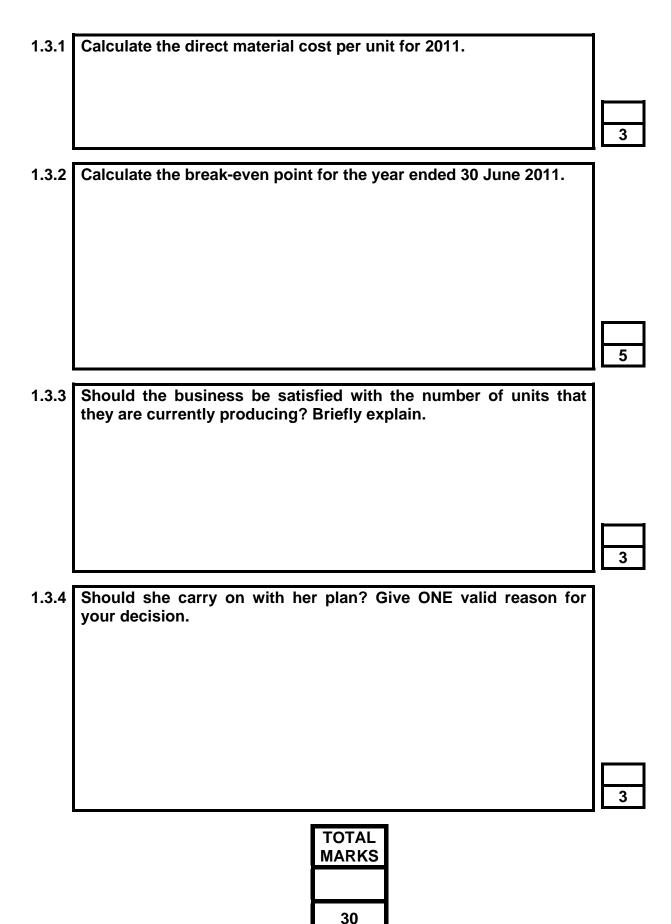
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TOTAL

Please turn over

1.1.1	
1.1.2	
1.1.3	

	TOTAL
Direct/Raw material cost	1 250 000
Work-in-process stock on 1 October 2010	45 000
Cost of production of finished goods	2 625 000

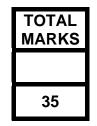


2.1.1	Indicate whether the statements are TRUE or FALSE.	
	(a)	
	(b)	
	(C)	
	(d)	<u> </u>
		8
2.1.2	Calculate the correct bank balance of Ace Traders on 30 September 2011.	
	Balance prior to doing the bank reconciliationR60 000	
	Correct balance on 30 September 2011	
		5

2.1.3

BANK RECONCILIATION STATEME	NT ON 30 SEP	TEMBER 2011

Use the table to indicate the differences that were discovered when comparing the account in the Creditors' Ledger with the statement received from Kairo Suppliers.						
minus (-) sign to i	ounts in the appropriate c ndicate an increase or d ect balance/total at the end	lecrease in the balance				
	Creditors' Ledger of Ace Traders	Statement from Kairo Suppliers				
Balance	R7 910	R11 390				
1						
2						
3						
4						
5						
h						
Balance/Total						



3.1.1		
3.1.2		
3.1.3		
3.1.4		

3.2.1	2.1 ASSET DISPOSAL						
2010 Dec.	31	Vehicles		2010 Dec.	31	Accumulated depreciation on vehicles	

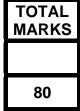
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3.2.2 ANEESA LTD INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

INCOME STATEMENT FOR THE YEAR ENDED 30	JUNE 2011
Sales	
Cost of sales	
Gross profit	
Other operating income	
Gross operating income	
Operating expenses	
Directors' fees	
Audit fees	
Salaries and wages	
Packing material	
Marketing expenses	
Sundry expenses	
Bad debts	
Operating profit	
Profit before interest expenses/Finance cost	
Profit before tax	
Income tax	
Net profit after tax	



3.2.3	Briefly explain what you would say to the CEO.	
••		
		3
1		
3.3.1	Briefly explain the role of an independent auditor.	
ļ		2
3.3.2	Did Aneesa Limited receive a qualified or an unqualified audit	
	report? Briefly explain your choice.	
i		3
3.3.3	The independent auditor feels that he will not be doing his job	
	properly if he agrees to the CEO's request. Briefly explain why he	
	feels this way.	
		2
	State TWO possible consequences for the auditor if he agrees to	
	this request.	
		4
	TOTAL	
	MARKS	



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QUESTION 4

4.1.1			
4.1.1			
4.1.2			
4.1.3			
4.1.4			

4.2

RETAINED INCOME NOTE ON 28 FEBRUARY 2017	1	
Retained income at the beginning of the year	423 000	
Retained income at the end of the year		8

4.3 **RECONCILIATION BETWEEN NET PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS FOR THE YEAR ENDED** 28 FEBRUARY 2011

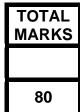
Net profit before tax	1 020 350	
Operating profit before changes in working capital		
Cash effects of changes in working capital		
Change in inventory	27 000	
		$ _{r}$
Cash generated from operations		╟

4.4 ZIPHO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011		
Cash effects of operating activities		
Cash generated from operations		
Interest paid	(86 400)	
Cash effects of investing activities		
Purchase of fixed assets		
Cash effects of financing activities	613 900	
Proceeds of issue of shares	963 900	
Repayment of long-term loan	(350 000)	
Net change in cash equivalents		
Cash equivalents – beginning of year		
Cash equivalents – end of year	1 155 000	

4.5.1	Calculate the earnings per share for 2011.	
		3
1 5 0	Coloulate the not expect value per chare for 2011	
4. 3 .2	Calculate the net asset value per share for 2011.	
		4
4.5.3	Calculate the debt-equity ratio for 2011.	
		3
4.6	The directors are generally happy with the improvement of the	
4.0	The directors are generally happy with the improvement of the liquidity from 2010 to 2011. Quote THREE relevant financial	
	indicators for both years (actual ratios or figures) to support their	
	opinion.	
		6
		-

Comment on the price at which the new shares were issued on 1 March 2010. Will the directors and the shareholders be satisfied with this? Explain, quoting relevant figures from the question.	
which have obviously affected t these by quoting figures from t	ficant decisions during the year the cash balances. List THREE of the Cash Flow Statement in each decisions will have an important e company.
Decision taken (quote figures)	Effect on the company in future



	Credit sales	November collections	
September	R63 000		
October			
November	R58 500		
TOTAL			
	=		
Calculate the	figures indicated b	by A–E in the Cash	Budget.
A			
в			
c			
D			
E			

5.3	Calculate the debtors' average collection period (in days) for the
	financial year ended 31 October 2011.

Explain whether Alfred should be satisfied with this collection period. Give ONE reason for your opinion.

8

5.4 Refer to the Debtors' Age Analysis. Alfred feels that he has problems in controlling debtors. Give TWO different reasons why he feels this way. Briefly explain. In each case, identify the problem debtor(s).

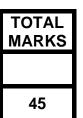
5.5 Calculate the percentage increase in salaries and wages in December 2011.

One of the employees, Mona Lott, is not happy with this increase. State TWO points in response to her complaint.

4

5.6 Explain what you would say to Alfred about each of the following items at the end of October, and give ONE point of advice in each case:

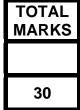
	COMMENT TO ALFRED	ADVICE
Advertising		
Sundry expenses		
Telephone		
Rent income		
L		۱۱



6.1.1	What do the letters <i>FIFO</i> stand for?	
		2
6.1.2	Calculate the value per bicycle on hand on 1 July 2010.	
6.1.3	Calculate the value of the closing stock on 30 June 2011 according to the FIFO method.	
		4
6.1.4	Calculate the gross profit on 30 June 2011.	
		6
6.1.5	As internal auditor, what would you say to Steve and Bongi? State TWO points.	
		4

6.2

Identify ONE problem in relation to each branch, quoting figures to support the problem. In each case, offer Doctor Zulu advice on how to solve the problem. BRANCH COMMENT ADVICE Riverside (Robby) Valley View (Vusi) Mountain Rise (Melanie) 12 TOTAL



TOTAL: 300