education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

COMMON TEST

MARCH 2025

MARKS: 100

TIME: 1½ HOUR

This question paper consists of 9 pages including a formula sheet and an Answer Book of 7 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information and table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Statement of Comprehensive Income and Note	40	35
2	Statement of Financial Position and Notes	45	40
3	Interpretation of Financial Statements	15	15
TOTAL		**100**	**90**

Copyright reserved

QUESTION 1: COMPANY FINANCIAL STATEMENTS (40 Marks; 35 Minutes)

EXPRESS LIMITED

The information relates to the financial year ended on 28 February 2025. The business sells one type of Cameras.

REQUIRED:

1.1 Complete the Statement of Comprehensive Income for the year ended 28 February 2025. (31)

1.2 Prepare Trade and other Receivables Note on 28 February 2025. (9)

Note: Some amounts are provided in the ANSWER BOOK.

INFORMATION:

A. **List of balances, before taking into account all adjustments below:**

	2025 R	2024 R
Ordinary share capital		14 250 000
Retained income	9 000 000	9 200 000
Loan: Smile Bank	?	1 280 000
Land and buildings	13 225 075	8 000 000
Vehicles	850 000	
Equipment	230 000	
Accumulated depreciation on Equipment	177 500	151 000
Accumulated depreciation on vehicles	102 500	89 500
Fixed deposit	7 000 000	
Debtors control	350 000	
Creditors control	?	
Trading stock	750 000	
SARS – Income tax (provisional payment)	Dr 210 750	
Provisional for bad debts		10 500
Consumable stores on hand		3 000
Sales	3 440 000	
Cost of sales	?	
Salaries and wages	920 000	
Audit fees	28 000	
Sundry expenses	?	
Commission income	312 600	
Bad debts recovered	39 000	
Bad debts	11 000	
Rent income	?	
Consumable stores	20 000	
Interest on fixed deposit	66 620	
Advertising	19 500	
Dividends on ordinary shares	300 000	

B Adjustments and additional information:

Copyright reserved

(i) The business uses a mark-up of 100% on cost of cameras. Trade discounts totaling R300 000 have been granted and recorded.

(ii) A credit note for R70 000 issued to a debtor for goods returned on 27 February 2025, was recorded and posted as an invoice, in error

(iii) The provision for bad debts must be adjusted to R9 500.

(iv) Rent income of R8 500 per month was decreased by R850 per month with effect from 1 June 2024, due to the poor condition of the premises. The premises were upgraded, and the rent was thereafter increased by 10% p.a effective from 1 January 2025. The tenant has not paid the rent for February 2025.

(v) Unused consumable stores amounted to R5 000

(vi) Advertising excludes an amount of R7 500 paid for the period 1 January 2025 to 30 May 2025. A fixed rate is applied monthly.

(vii) The company has three directors. Two of the directors receive an annual fee of R192 000 each. The third director receive 10% less than the other directors.

All three directors receive the full amount for the year and the bookkeeper recorded this amount in the salaries and wages account in error.

The third director however, decided to resign and this was approved on 31 January 2025. He promised to return the fees that he received for the period that he would not be serving the company.

(viii) Depreciation for vehicles and equipment has been correctly calculated and recorded.

(ix) Loan from Smile Bank:

- All transactions with respect to the loan were recorded.
- Interest on the loan is capitalised.
- A fixed monthly instalment (including interest) amounted to R264 000 was paid in full.
- The capital of the repayment will increased by 10% over the next financial year and will amount to R133 925.

(x) Total dividends for the financial year amounted to R750 000.

(xi) The sundry expenses is the balancing figure.

(xii) The net profit after tax was accurately calculated at R560 000. The income tax rate is 30%

Copyright reserved

QUESTION 2 STATEMENT OF FINANCIAL POSITION (45 marks; 40 minutes)

You are provided with information related to Mevas Limited, a public company, for the financial year ended 28 February 2025.

REQUIRED:

2.1 Prepare the ordinary share capital Note to the Statement of Financial Position. (8)

2.2 Prepare the Retained income Note to the Statement of Financial Position (8)

2.3 Complete the Statement of Financial Position for the year ended 28 February 2025. (29)

INFORMATION:

A. List of balances extracted from the accounting records of Mevas LTD on 28 February 2025:

	2025 R	2024 R
Ordinary share capital	?	6 000 000
Retained income	?	1 634 000
Loan: Spring Bank	4 028 000	4 175 000
Fixed assets at carrying value	?	12 278 400
Fixed deposit	3 000 000	2 000 000
Creditors control	478 000	
Debtors control	356 000	
Provision for bad debts		16 000
Bank (Favourable)	?	
Accrued expenses	12 000	
Prepaid expenses	6 800	
SARS: Income tax (provisional tax payment)	1 012 000	

D. Shares and dividends

Authorised share capital consist of 5 000 000 shares.

DATE	DETAILS
1 March 2024	3 000 000 shares were in issue
1 December 2024	1 000 000 additional shares were issued at R5.00
1 February 2025	200 000 shares were repurchased from a shareholder, a payment of R770 000 was made.

- Interim dividends of 28 cents per share were paid on 28 August 2024.
- Final dividends of 44 cents per share were declared on 28 February 2025 to all shares in the share register.

Copyright reserved

E. Income tax and Profit

- After taking into account all relevant information, the net profit before tax was accurately calculated to be R3 800 000.
- Amount of R60 000 is receivable by SARS in respect of income tax for the year.

F. Transfer

- A creditor with a debit balance of R14 000 must be transferred to his account in the debtor's ledger.

F. Provision for bad debts

- Provision for bad debts must be maintained at 5% of the outstanding debtors.

G. Fixed assets and depreciation

- No fixed assets were purchased or sold during the financial year.
- Depreciation for the financial year ended 28 February 2025 was amounted to R890 000.

H. Loan

- A fixed monthly instalment of R35 000 (to cover loan repayment and interest) has to be paid over the full period of the loan.
- The interest will decline over the life of the loan. The interest on the loan for next financial year will decreased by R38 600 from the current interest on loan (2025)

I. The following financial indicator was calculated after all adjustments had been taken into account:

Acid-test ratio	0.8 : 1

Copyright reserved

QUESTION 3 **INTERPRETATION** **(15 Marks; 15 Minutes)**

SPEEDY LTD

You are provided with information relating to Speedy Ltd for the financial year ended 28 February 2025.

3.1 INTERPRETATION

REQUIRED:

3.1.1 Profitability

Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently. (2)

3.1.2 Liquidity

Suggest strategies that the company can employ to improve its net working capital. Quote TWO financial indicators. (4)

3.1.3 Earnings and Returns

- Comment on the dividend pay-out policy of the company. Provide TWO reasons why the directors decided to change policy in 2025. (2)
- Explain whether the shareholders should be satisfied with their return on investment in the company. Quote ONE financial indicator, with figures, in your explanation. (2)

3.1.4 Value of shares:

The CEO wants to buy 30 000 shares at R8.10 per share from the company without informing the shareholders on 28 February 2025

As a shareholder in the company, how would you react to this decision? Explain and Quote TWO financial indicators. (2)

3.1.5 Risk and gearing

Comment on the degree of risk and gearing. (3)

Copyright reserved

INFORMATION:

A. Financial Indicators calculated on 28 February:

INDICATORS	28 February 2025	28 February 2024
% Operating expenses on sales	21.6%	32.2%
% Mark-up achieved	60%	50%
% Operating profit on sales	21%	19%
Current ratio	2 : 1	1.9 : 1
Acid-test ratio	0.6 : 1	1.3 : 1
Average debtors collection period	42 days	29 days
Average creditors payment period	60 days	56 days
Debt-equity ratio	0.6 : 1	0.9 : 1
Earnings per share	70 cents	78 cents
Dividends per share	72 cents	49 cents
Dividend pay-out rate	103%	51%
Net asset value per share	950 cents	955 cents
% return on shareholders' equity	12.8%	11%
% return on capital employed	19.8%	20.3%

B. Additional information on 28 February:

	28 February 2025	28 February 2024
Interest rate on loan	13%	13%
Interest rate on investment	8%	8%
Market value per share on JSE	934 cents	968 cents

15

TOTAL MARKS: 100

Copyright reserved

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average Shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	
NOTE • In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice.	

Copyright reserved