LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING
TASK 2: CONTROLLED TEST 1

TERM 1: 19 MARCH 2025
QUESTION PAPER

MARKS: 100

TIME: 90 MINUTES

This question paper consists of 9 pages, a formula sheet and a 7-page answer book.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer 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 in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Company Financial Statements	50	45
2	Cash Flow Statement and Financial Indicators	28	25
3	Interpretation of Financial Information	12	10
4	Corporate Governance	10	10
TOTAL		**100**	**90**

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QUESTION 1: COMPANY FINANCIAL STATEMENTS (50 marks; 45 minutes)

1.1 CONCEPTS

Choose an explanation from COLUMN B that matches a concept in COLUMN A. Write only the letter (A–D) next to the question numbers (1.1.1–1.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	Shareholders	A	Ensures that the company complies with the tax requirements.
1.1.2	Limited liability	B	Make strategic and operational decisions for the company.
1.1.3	Directors	C	Shareholders' private assets cannot be claimed for paying the company's debts.
1.1.4	Auditor	D	Entitled to a share in the profits of the company.
		E	Express an opinion on the fair presentation of the financial statements at the end of the financial year.

(4 x 1) (4)

1.2 TWENTY-FOUR LTD

The information relates to Twenty-Four Ltd. for the financial year that ended on 28 February 2025.

REQUIRED:

Complete the following for the year ended 28 February 2025:

1.2.1 Notes to the Statement of Financial Position:

- Ordinary Share capital (7)
- Retained Income (8)
- Trade and other receivables (11)

1.2.2 Statement of Financial Position
NOTE: Show workings in brackets. (20)

INFORMATION:

A List of balances, before considering all adjustments below on 28 February:

	2025	2024
Balance Sheet account section		
Ordinary share capital	8 377 500	8 400 000
Retained Income		975 000
Mortgage loan: Shona Bank	1 400 000	
Fixed Assets (carrying value)	?	8 203 725
Fixed deposit: AME Bank	?	
Trading stock	?	
Debtors control	288 500	
Provision for bad debts		24 900
Creditors control	151 800	
Bank (favourable)	820 800	
Petty Cash	10 850	
Cash float	3 250	
SARS (provisional tax)	289 750	
Nominal account section		
Rent income	229 500	
Interest on fixed deposit	33 300	

B Adjustments and additional information

(a) A debtor, K Koning, who owed R22 000 was retrenched from his job. A total of 25% of his debt must still be written off as irrecoverable. The amount received was already recorded.

(b) Provision for bad debts must increase by R500.

(c) An invoice of R28 500 was not recorded in the Creditors' control account.

(d) Audit fees are still outstanding, R19 500.

(e) One of the tenants went to attend a conference in Germany and will be back at the end of March 2025. The rent for March has been received. Take note that the rent increased by 10% on 1 November 2024.

(f) Interest on fixed deposit is not capitalised and was received for nine months only. Provide for the outstanding interest.

(g) **Fixed Assets:**

- Assets bought during the year amounted to R1 215 000.
- The old equipment was sold at carrying value of R572 000.
- Depreciation for the year amounted to R196 725.

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(h) **Share capital and dividends:**

Authorised share capital: 1 800 000 ordinary shares

DATE	TRANSACTION
1 March 2024	$^2/_3$ (two thirds) of the shares were in issue.
1 June 2024	180 000 shares were repurchased at R1,40 above the average share price.
31 August 2024	Interim dividends of R153 000 were paid.
1 November 2024	Additional shares were issued.
28 February 2025	Final dividends of 55 cents per share were payable to all shareholders on the share register.

(i) **Loan: Shona Bank**
Part of the loan balance will be paid in the next financial year. R?

(j)
- Net profit after tax amounted to R858 000.
- The income tax amounted to 25% of the net profit before tax.

(k) The current ratio for 2025 was calculated at 1, 5 : 1 after all adjustments were considered.

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QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(28 marks; 25 minutes)

LALA LTD

You are provided with the information relating to Lala Ltd for the financial year ended 28 February 2025. The company is listed on the JSE.

REQUIRED:

2.1 Calculate the following for the Cash Flow Statement on 28 February 2025:

- Income tax paid (4)
- Dividends paid (4)

2.2 Calculate the amount for the purchase of fixed assets on 28 February 2025. (6)

2.3 Calculate the following financial indicators for the year ended 28 February 2025:

- % Operating profit on sales (3)
- Acid-test ratio (4)
- Debt : Equity ratio (3)
- Net Asset Value per share (NAV) (4)

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INFORMATION:

A. Extract: Statement of Comprehensive Income for the year ended 28 February 2025

Sales	R 8 900 000
Operating profit	2 262 100
Depreciation	580 000
Interest on loan (capitalised)	270 000
Net profit before tax	1 777 000
Income tax	533 100

B. Extract: Statement of Financial Position on 28 February

	2025	2024
Fixed assets (carrying value)	R13 650 600	R13 590 000
Fixed deposit	240 000	370 000
Current assets	659 500	1 136 800
Inventories	276 500	373 200
Trade and other receivables	262 300	608 900
Cash and cash equivalents	120 700	54 700
Shareholders' equity	9 200 000	6 458 200
Loan from Sizwe Bank	2 300 000	1 800 000
Current liabilities	611 900	592 500
Trade and other payables	611 900	502 500
Bank overdraft	0	90 000

C.

Trade and other receivables	2025	2024
Trade debtors	250 300	524 850
Prepaid expenses	12 000	14 750
SARS – Income Tax	0	69 300
	262 300	608 900

D.

Trade and other payables	2025	2024
Trade creditors	252 100	255 000
SARS – Income Tax	19 800	0
Shareholders for dividends	340 000	247 500
	611 900	502 500

E. Fixed assets:

- Equipment was purchased during the financial year.
- An old vehicle was sold at a book value of R165 000 on 31 May 2024.

F. Dividends and earnings:

- An interim dividend was paid on 31 August 2024.
- A final dividend was declared on 28 February 2025.
- Total dividends for the year amounted to R835 000.

G. Share capital:

The share register of Lala Ltd had 1 600 000 shares on 28 February 2025.

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QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION

(12 marks; 10 minutes)

BENTLY LTD

The information relates to Bently Ltd for the financial year that ended on 28 February 2025. The business sells toy cars imported from China.

NOTE: Provide figures, financial indicators, or calculations in EACH case to support your comments and / or explanations.

REQUIRED:

3.1 Profitability:

The CEO is of the opinion that Bently Ltd is managing their expenses more efficiently in 2025 and is, therefore, more profitable. Quote TWO financial indicators (with figures) to either support or dispute this opinion. (6)

3.2 Liquidity:

Comment on the liquidity position of the business on 28 February 2025. Quote TWO financial indicators. (6)

INFORMATION:

A. Extract: Financial Indicators on 28 February:

	2025	2024
% Operating expenses on sales	28,2%	21%
% Operating profit on sales	13,6%	19,9%
% Net profit on sales	7,1%	9,2%
Current ratio	3,6 : 1	2,4 : 1
Acid-test ratio	0,6 : 1	1,2 : 1
Stock turnover rate	4 times	8 times

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QUESTION 4: CORPORATE GOVERNANCE (10 marks; 10 minutes)

WALLNUTS LTD.

Wallnuts Ltd has set a 2025 deadline to achieve its goals in three key areas outlined in its Corporate Social Responsibility (CSR) Strategy. The company emphasizes the importance of social responsibility across the interconnected pillars of People, Planet, and Profit.

4.1 Explain your understanding of corporate governance. (2)

4.2 Explain the concept of "Corporate Social Responsibility" (CSR). (2)

4.3 Explain why companies such as Wallnuts Ltd engage in Corporate Social Responsibility (CSR) initiatives. Provide TWO reasons. (4)

4.4 Explain why the directors of Wallnuts Ltd. should reflect their CSR projects in the annual report. (2)

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TOTAL: 100 MARKS

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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 & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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.

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