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**GRADE 12**

**ANSWER BOOK**

**ACCOUNTING**

**CONTROLLED TEST 1**

**TERM 1 SBA TASK 2**

NAME.....

SCHOOL:.....

QUESTION	MARKS	MARKS OBTAINED	INTERNAL MODERATION	EXTERNAL MODERATION
1	48			
2	30			
3	22			
TOTAL	100			

This Answer Book consists of 7 pages including the cover page.

**QUESTION 1****MALEKA LTD****1.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
28 FEBRUARY 2022**

Sales <del>8</del> 800 000	
Cost of sales	
Gross profit	
<b>Other operating income</b>	
Rent income	
Provision for bad adjustment	
<b>Gross income</b>	
<b>Operating expenses</b>	
Salaries and wages 681 600	
Advertising 60 000	
Bad debts 6 730	
Packing material 15 000	
Operating profit	
Interest income	
Operating profit before interest expenses	
Interest expense	
Net profit before taxation	
Taxation	
Net profit after tax	

1.2

**Audit report**

1.2.1

Explain why the auditors did specifically address the report to shareholders?



2

1.2.2

Explain why the independent auditors referred to pages 25-51 in the report.

2

1.2.3

The directors claimed that the value of the buildings increased over the years and that the value must be increased and shown as additions in the fixed asset note.

As the independent auditor, what advice would you give? Provide ONE point.

2

1.2.4

The company received a/an (unqualified/qualified/disclaimer) audit report.

Give a reason for your answer.

2

<b>TOTAL MARKS</b>
48

**QUESTION 2****2.1 What is the main purpose of a Cash Flow Statement?**

2

**2.2**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash generated from operations	<b>1 985 500</b>
Interest paid	<b>(175 500)</b>
Taxation paid	
Dividends paid	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Fixed assets purchased	
Proceeds from sale of fixed assets	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from the sale of shares	
Change in loan	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	
<b>CASH AND CASH EQUIVALENTS AT END</b>	

21
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**2.3 Calculate the following financial indicators on 31 October 2022:**

- Gross Profit on sales

2

- Acid-test ratio

3

- Debt/Equity ratio

2

TOTAL MARKS
30

**QUESTION 3**

**3.1** The CEO, Nick Petje, currently owns 40% of the issued shares. The directors of the company decided to issue 50% of the unissued shares in July 2022.

**3.1.1** Calculate the minimum number of shares that Nick must purchase in July 2022 to become the majority shareholder.

3

**3.1.2** Nick wants to purchase the additional shares at R6 per share without advertising the shares to the public. Give **TWO** reasons why you would not approve this arrangement.

4

**3.2** The directors are proposing that the business operations be expanded in the New financial year. One of the directors suggested that they finance the expansions by taking a loan of R1 000 000, instead of issuing new shares to the public. Quote and explain **TWO** financial indicators to support his opinion.

6

- 3.3 Bongani is a shareholder in Machete Limited. He owns 32 000 shares which he purchased two years ago at R4,75 each.**

**3.3.1 Calculate the amount of dividends Bongani would earn for the financial year ending 31 October 2022.**

2

**3.3.2 Should Bongani be satisfied with the dividend policy of Machete Limited? Quote and explain relevant financial indicators to support your answer.**

3

**3.3.3 Bongani wants to sell his shares in Machete Limited and invest his funds in an alternative investment. You disagree with him. Quote and explain ONE relevant financial indicator, other than dividends, to discourage him from selling his shares.**

4

<b>TOTAL MARKS</b>
22

TOTAL 100 MARKS