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DEPARTMENT: EDUCATION
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ACCOUNTING

MARCH 2025

CONTROLLED TEST

MARKS: 100

TIME : 80 minutes

This question paper consists of 9 pages and a 6-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. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. 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	Statement of Comprehensive Income	35	28
2	Statement of Financial Position	25	20
2	Cash Flow Statement and Financial Indicators	30	24
3	Corporate Governance	10	8
TOTAL		100	80



QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME**(35 marks; 28 minutes)**

The information relates to Tuscany Ltd for the financial year ended 28 February 2025.

REQUIRED:

- 1.1 Complete the Statement of Comprehensive Income for the year ended 28 February 2025. (35)

NOTE: Some amounts are provided in the ANSWER BOOK.**INFORMATION:****A. Balances/totals, among others, that appeared in the books on:**

	28 Feb. 2025 R	29 Feb. 2024 R
Mortgage loan: Forbes Bank	744 100	987 700
Equipment at cost	852 000	852 000
Accumulated depreciation on equipment	472 500	344 700
Vehicles at cost	?	1 000 000
Accumulated depreciation on vehicles	?	420 000
Trading stock	654 500	
Debtors' control	592 200	
Provision for bad debt	?	29 520
SARS: Income tax (provisional tax payments)	340 000	
Sales	?	
Cost of sales	4 780 900	
Audit fees	79 000	
Service fee income	1 757 700	
Sundry operating expenses	119 900	
Bad debts	24 780	
Packing material	66 550	
Salaries and wages (including contributions)	1 425 600	
Insurance	94 080	
Rent income	156 960	
Interest income	?	
Directors' fees	?	
Interest on loan	149 400	
Dividends on ordinary shares	250 000	



- (i) The company maintains a mark-up of 60% on cost. Goods costing R115 000 (already included in cost of sales) were sold at a discount price of R23 000 to internal employees.
- (ii) Physical stocktaking on 28 February 2025 revealed the following:
 - Trading stock, R657 100
 - Packing material on hand, R7 850.
- (iii) Provision for bad debts must be adjusted to 5% of the outstanding debtors.
- (iv) Monthly insurance premiums were fixed for the past three years and were paid up to 30 April 2025.
- (v) A tenant is renting an office from Tuscany Ltd. Rent for this office has been received up until 30 April 2025. Rent was increase by 8% on 1 December 2024 on the office rented.
- (vi) One employee was omitted from the Salaries Journal of February 2025. His gross monthly salary was R33 600 The employer contributes 10% of his gross salary on behalf of employees towards pension.
- (vii) The company had two directors who received a combined annual fee of R1 062 400 after their monthly fees were increased by R5 600 each on 1 August 2024. A third director joined the company on 1 October 2024 and received the same monthly fee as the other directors, excluding the increase of R5 600 per month.
- (viii) Net profit after tax, R966 000, was calculated after taking into account all the adjustments above. Income tax is calculated at 30% of the net profit.



QUESTION 2 STATEMENT OF FINANCIAL POSITION (25 marks; 20 minutes)**GLOBAL LTD**

The information relates to the financial year ended 31 March 2024.

REQUIRED:

- 2.1 Complete the Statement of Financial Position on 31 March 2024. (Show workings.) (25)

INFORMATION:**A. Amounts extracted from the books on 31 March:**

BALANCE SHEET ACCOUNTS	2024 R	2023 R
Ordinary share capital	7 980 000	4 800 000
Retained income	1 110 450	1 181 250
Mortgage loan: UN Bank	2 508 000	3 150 000
Fixed assets at carrying value	11 458 500	
Trading stock (balancing figure)	?	
Net trade debtors	913 500	
Bank (favourable)	454 000	
Creditors' control	1 383 000	
SARS: Income tax (provisional)	972 000	
Income received in advance	32 000	
Shareholders for dividends	889 200	752 000
Nominal accounts (pre-adjustment amounts)		
Commission income	29 920	

B. Share capital:

DATE	INFORMATION
1 April 2023	800 000 ordinary shares in issue
31 May 2023	400 000 ordinary shares issued @ R3 600 000
1 October 2023	60 000 ordinary shares repurchased <ul style="list-style-type: none"> • Average share price, R7,00 • Repurchase price per share, R10,80

C. Dividends:

- Final dividends were declared, R889 200.

D. Mortgage loan: UN Bank

- Fixed monthly repayments (including interest) have been made and correctly recorded.
- Interest of R258 000 has not been recorded by the business yet.
- The capital repayment will remain the same over the next financial year.

E. The decrease in the provision for bad debts, R2 500, was not recorded.

F. Commission income for March 2024, R41 900, was still outstanding.

G. Net profit after tax and income tax:

- The correct net profit after tax **after all adjustments** is R2 534 400.
- Income tax for the year amounted to R985 600.



QUESTION 3: CASH FLOW STATEMENT AND FINANCIAL INDICATORS**(30 marks; 24 minutes)**

The information relates to Elizabeth Ltd for the financial year ended 28 February 2025.

REQUIRED:

- 3.1 Prepare the Ordinary Share Capital Note for the year ended 28 February 2025. (7)
- 3.2 Prepare the Retained Income Note for the year ended 28 February 2025. (7)
- 3.3 Complete the Cash Flow Statement for the year ended 28 February 2025. (12)
- 3.4 Calculate the following financial indicator for the year ended 28 February 2025:
 - Net asset value per share (4)

INFORMATION:

- A. Extract from the Statement of Comprehensive Income for the year ended 28 February 2025.**

	R
Sales	8 240 600
Cost of sales	5 060 000
Gross operating income	3 020 480
Operating expenses	1 360 950
Operating profit	1 659 530
Net profit before tax	1 540 000
Income tax	462 000

- B. Extract from the Statement of Financial Position on:**

	28 Feb. 2025 R	29 Feb. 2024 R
Cash and cash equivalents	?	36 000
Trading stock	174 000	193 000
SARS: Income tax	66 650 Cr	44 675 Dr
Ordinary shareholders' equity	?	8 733 720
Ordinary share capital	?	8 160 000
Retained income	?	573 720
Loan: ABSA Bank	5 440 000	?
Shareholders for dividends	?	?
Bank overdraft	0	142 680



C. Share capital:

- On 1 March 2024, there were 1 200 000 shares in issue.
- 400 000 shares were issued at R10 per share on 30 June 2024.
- On 30 November 2024, 34 000 shares were repurchased at R1,90 (per share) above the average share price.

D. Dividends and dividend pay-out rate:

- Dividends paid and declared:

DIVIDENDS			
Final	28 February 2024	Paid	16 cents per share
Interim	1 September 2024	Paid	26 cents per share
Final	28 February 2025	Declared	?

- Total dividends paid and declared for the year ended 28 February 2025, R744 860.

F. Net change in cash and cash equivalents for the year was an inflow of R629 640.

QUESTION 4: CORPORATE GOVERNANCE**(10 marks; 8 minutes)**

You are provided with an extract of the independent external audit report of Makiva Ltd, presented to the shareholders at the Annual General Meeting.

REQUIRED:

NOTE: In your answers, do NOT repeat your responses in the different questions.

- 4.1 Explain the role of an internal auditor. Provide ONE point. (2)
- 4.2 Choose the correct word from those in brackets. Write the answer in the ANSWER BOOK and explain your choice. (4)
- Makiva Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.
- 4.3 What kind of audit evidence does the independent external auditor examine to verify the correctness of the company financial records? Provide TWO points. (4)

INFORMATION:

Extract from the independent external auditor's report on the financial statements of Makiva Ltd:

Audit Opinion:

In our opinion the financial statements present fairly, in all material respects except the trading stock losses, the financial position of the company as at 28 February 2025 ...

Basis for Audit Opinion:

... no reason was provided for the significant stock losses.

10

GRAND TOTAL: 150

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	
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: 1. Trading stock at the end of a financial year may be used if required in a question. 2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). 3. 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.	

