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OFFICE OF THE SUB-DISTRICT MANAGER: MAHIKENG SUB-DISTRICT OFFICE NGAKA MODIRI MOLEMA DISTRICT

GRADE: 12

ACCOUNTING

TEST: 2

DATE: 10 MARCH 2023

TOTAL: 100 MARKS

DURATION: 1H30



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 blue/black ink to answer questions.
6. Where applicable, show ALL calculations to TWO decimal points.
7. You may use the Financial Indicator Formula Sheet attached at the end of this question paper.
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	TIME IN MINUTES
1.	Concepts, Notes and Statement of financial position	55	60 minutes
2.	Concepts, Ratios and Cash flow statement	45	30 minutes
	TOTAL	50	90 minutes



QUESTION 1: CONCEPTS AND FINANCIAL STATEMENTS**(55 marks: 60 minutes)**

- 1.1. Choose the correct word from COLUMN B to match the description in COLUMN A. Write only the letter (A – E) next to the question number (1.1.1 to 1.1.5) in the ANSWER BOOK.

NO	COLUMN A		COLUMN B
1.1.1.	Sets out the rights, duties and responsibilities of shareholders and directors.	A	Matching concept
1.1.2.	The total number of shares that a company can issue.	B	International Financial Reporting Standards (IFRS)
1.1.3.	Revenue generated during an accounting period should be in line with the expenses during the same period.	C	Memorandum of Incorporation (MOI)
1.1.4.	Guidelines for the preparation of financial statements to ensure consistency.	D	Shareholders
1.1.5.	The.....are the owners of the entity	E	Authorised share capital

(5)

1.2. TWO-WAY LIMITED

You are provided with the information relating to Two-Way Ltd, for the year ended 28 February 2022.

REQUIRED:

- 1.2.1. Prepare the following note to the balance sheet for the financial year ended 28 February 2022.
- ❖ Trade and other receivables (12)
 - ❖ Ordinary share capital (11)
- 1.2.3. Prepare the Balance Sheet (Statement of Financial Position) of Two-Way Ltd as at 28 February 2022. (Where notes are not required, show your workings in brackets in order to earn part marks) (27)

INFORMATION:

A. The following figures were extracted from the accounting records at the end of the financial year on 28 February 2022.

Ordinary share capital	?
Retained income (28 February 2022)	910 000
Fixed assets (at carrying value on 28 February 2022)	5 180 652
Loan: Canara Bank (28 February 2022)	622 800
Fixed deposit: Fargo Bank (1 March 2021)	504 000
Bank (Dr)	?
Creditors' control	?
Debtors' control	64 800
Inventory	757 800
Provision for bad debts	3 420
SARS: Income tax (Provisional tax payments)	524 520

B. Share Capital

- ❖ The company has an authorised share capital of 1 000 000 shares.
- ❖ 60% of the authorised share capital was issued at the beginning of the financial year.
- ❖ On 31 March 2021, the directors received R1 100 000 on additional shares issued of 200 000 shares.
- ❖ On 31 December 2021, the directors decided to buy back 100 000 shares from the estate of the deceased shareholder.

C. Dividends

- ❖ An interim dividend of 45 cents per share was declared and paid on 1 August 2021. The new shareholders qualified for the interim dividend.
- ❖ A final dividend of 81 cents per share was declared on 28 February 2022. The shareholder whose shares were bought back are not entitled to the final dividend.

D. The loan statement received from Canara bank showed the following:

Opening balance (01/03/2021)	R 846 000
Repayment during the year (interest included)	223 200
Closing balance (28/02/2022)	709 200

- ❖ Provide for interest on loan.
 - ❖ The capital repayment of the loan will remain the same as the previous financial year
- E. Interest on fixed deposit is earned at 10% per annum and is not capitalised. No interest has been received. 40% of the fixed deposit will mature on 30 June 2022.
- F. Provision for bad debts must be adjusted to 5% of the outstanding debtors.
- G. Trading stock, R25 200 was damaged by a storm during the year. The insurance company accepted the claim and will cover 70% of the claim. The insurance claim will be processed during May 2022.
- H. Insurance included an annual policy of R15 120 paid on 1 August 2021.
- I. Income tax for the year amounted to R483 120.

J. Financial indicators:

Current ratios	2.5:1
Debt Equity ratios	0.1: 1
Net asset value per share (NAV)	880 cents



QUESTION 2: FINANCIAL INDICATORS AND CASH FLOW STATEMENT
(45 marks; 30 minutes)

- 2.1. Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.
- 2.1.1. Unused consumable stores at the end of the financial year are classified as a (current asset/financial asset).
- 2.1.2. Interest on loans is regarded as a/an (operating activity/financing activity).
- 2.1.3. The (Cash Flow Statement / Bank Statement) reflects the effect of business activities on the CASH resources of a company.
- (3 x 1) (3)

DIGITAL GIANTS LTD

The information relates to Digital Giants Ltd. The financial year ends on 31 March.

REQUIRED:

- 2.2. Calculate the following financial indicators for the financial year ended 31 March 2021:
- 2.2.1. Debt-equity ratio (3)
- 2.2.2. Net asset value per share (3)
- 2.2.3. Dividend pay-out rate (4)
- 2.2.4. Return on average shareholders' equity (ROSHE) (4)
- 2.3. Complete the table in the ANSWER BOOK for the following items for the 2021 Cash Flow Statement. Indicate in EACH case whether it is an inflow or an outflow of cash.
- 2.3.1. Change in Inventory (3)
- 2.3.2. Change in receivables (3)
- 2.3.3. Change in payables (3)
- 2.4. Calculate the following figures for the 2021 Cash Flow Statement:
- 2.4.1. Taxation paid (4)
- 2.4.2. Dividends paid (4)
- 2.4.3. Proceeds from sale of fixed assets (5)
- 2.4.4. Funds used for the repurchase of shares (2)
- 2.5. Complete the Net change in cash and cash equivalents (4)

INFORMATION:

A. Extract from the Statement of Comprehensive Income for the year ended 31 March 2021:

Depreciation:	R 785 000
On vehicles	475 000
On equipment	310 000
Net profit before tax	3 955 000
Income tax	1 085 000
Net profit after tax	2 870 000

B. Extract from the Statement of Financial Position:

	31 March 2021 R	31 March 2020 R
Fixed assets at carrying value	8 865 000	8 878 000
Inventories	585 700	391 200
Debtors' control	418 000	390 000
Creditors' control	520 000	359 200
Income received in advance	16 000	0
Cash and cash equivalents	120 000	28 000
SARS: Income tax	354 000 (Cr)	124 000 (Dr)
Ordinary shareholders' equity	10 387 600	6 910 000
Ordinary share capital	7 280 000	5 950 000
Retained income	3 107 600	960 000
Mortgage loan	2 450 000	2 800 000
Shareholders for dividends	262 400	210 000
Bank overdraft	-	250 000

C. Shares:

- ❖ 700 000 shares were in issue on 31 March 2020.
- ❖ 120 000 new shares were issued at R12,60 per share on 1 April 2020.
- ❖ 20 000 shares were repurchased on 31 March 2021 for 50% more than the average issue price of R9,10 per share. These shares qualified for final dividends.

D. Dividends paid/declared were as follows for the financial year:

	DATE	DIVIDEND PER SHARE	AMOUNT
Interim	15 August 2020	45 cents	R?
Final	31 March 2021	32 cents	R262 400

E. Fixed assets:

- ❖ Extensions to the buildings were completed at a cost of R1 360 000 during the financial year.
- ❖ Equipment was sold at carrying value during the financial year.
- ❖ No other fixed assets were purchased or sold.

F. Extract: Financial indicators:

	31 March 2021	31 March 2020
Debt-equity ratio	?	0,4 : 1
Earnings per share (EPS)	350 cents	314 cents
Current ratio	2,7 : 1	1,8 : 1



GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales} \quad 1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: * 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.	



**OFFICE OF THE SUB-DISTRICT MANAGER: MAHIKENG SUB-DISTRICT OFFICE
NGAKA MODIRI MOLEMA DISTRICT**



NAME OF SCHOOL

NAME OF CANDIDATE

CLASS NO.

GRADE 12

TEST: 2

ANSWER BOOK

Question	Topic	Marks	Teacher	Internal Moderator	External Moderator
1	Concepts, Notes & Statement of Financial position	55			
2	Concepts, ratios and Cash Flow statement	45			
		100			
Total:			100	100	100

This answer book consists of 6 pages only

QUESTION 1:

1.1

CONCEPTS	
1.1.1.	
1.1.2.	
1.1.3.	
1.1.4.	
1.1.5.	

5

1.2. TWO-WAY LIMITED

1.2.1 TRADE AND OTHER RECEIVABLES

Debtors' Control	64 800

12

**ORDINARY SHARE CAPITAL
 AUTHORISED SHARE CAPITAL**

1 000 000 ordinary shares

ISSUED SHARE CAPITAL

	Ordinary shares on 28 Feb 2022	

11

1.2.3 TWO-WAY LTD
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ON
28 FEBRUARY 2022

ASSETS		
NON-CURRENT ASSETS		
Fixed deposit (504 000)		
CURRENT ASSETS		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		
TOTAL EQUITY AND LIABILITIES		27

TOTAL MARKS
55



QUESTION 2:

2.1

CONCEPTS	
2.1.1.	
2.1.2.	
2.1.3.	

3

2.2. DIGITAL GIANTS LTD

2.2.1.

Calculate: Debt-equity ratio	
WORKINGS	ANSWER

3

2.2.2.

Calculate: Net asset value per share	
WORKINGS	ANSWER

3

2.2.3.

Calculate: Dividend pay-out rate	
WORKINGS	ANSWER

4

2.2.4.

Calculate: Return on average shareholders' equity (ROSHE)	
WORKINGS	ANSWER

4

2.3.1. For the Cash Flow Statement calculate: Change in Inventory

WORKINGS	ANSWER	Inflow/Outflow

3

2.3.2. For the Cash Flow Statement calculate: Change in Receivables

WORKINGS	ANSWER	Inflow/Outflow

3

2.3.3. For the Cash Flow Statement calculate: Change in Payables

WORKINGS	ANSWER	Inflow/Outflow

3

2.4.1. Calculate: Taxation paid

WORKINGS	ANSWER

4

2.4.2. Calculate: Dividends paid

WORKINGS	ANSWER

4

2.4.3. Calculate: Proceeds from sale of fixed assets

WORKINGS	ANSWER

5

2.4.4. Calculate: Funds used for the repurchase of shares

WORKINGS	ANSWER
	

2

2.5 Calculate the net change in cash and cash equivalents.

Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning	
Cash and cash equivalents at the end	120 000

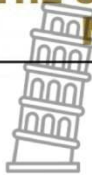
4

TOTAL MARKS
45





**OFFICE OF THE SUB-DISTRICT MANAGER: MAHIKENG SUB-DISTRICT OFFICE
NGAKA MODIRI MOLEMA DISTRICT**



**ACCOUNTING P 1
ACADEMIC YEAR 2023**

**TERM: 1
TEST: 2**

GRADE 12

**PAPER: 1
MARKING GUIDELINE**

This marking guideline consists of 6 pages only

Stanmorephysics



QUESTION 1:

1.1

CONCEPTS	
1.1.1.	C ✓
1.1.2.	E ✓
1.1.3.	A ✓
1.1.4.	B ✓
1.1.5.	D ✓

5

1.2. TWO-WAY LIMITED

1.2.1 TRADE AND OTHER RECEIVABLES

Debtors' Control	64 800
Less provision for bad debts (64 800 x 5%)	(3 240) ✓✓
Net trade debtors (operation)	61 560 ✓
Income receivable	50 400 ✓
Prepaid expenses	6 300 ✓✓
Insurance claim (25 200 x 70%) (may be shown as part of income receivable)	17 640 ✓✓
SARS Income tax (524 520 ✓ – 483 120 ✓) (operation one part correct)	41 400 ✓*
* (operation one part correct)	177 300 ✓*

12

**ORDINARY SHARE CAPITAL
 AUTHORISED SHARE CAPITAL**

1 000 000 ordinary shares

ISSUED SHARE CAPITAL

600 000 ✓	Ordinary shares issued at beg	4 900 000 ✓✓
200 000	Additional shares issued	1 100 000 ✓
(100 000) ✓	Repurchases of shares at R7.5 ✓✓	(750 000) ✓
700 000 ✓	Ordinary shares on 28 Feb 2022	5 250 000 ✓

11

1.2.3 TWO-WAY LTD

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ON
 28 FEBRUARY 2022**

ASSETS		
NON-CURRENT ASSETS	balancing figure	5 493 100 ✓
Fixed assets	Accept 5 180 652	5 190 700 ✓
Fixed deposit (504 000 – 201 600)		302 400 ✓✓
CURRENT ASSETS (826 200 x 2.5)		2 065 500 ✓✓
Inventories (757 800 ✓ – 25 200 ✓)		732 600 ✓
Trade and other receivables		177 300 ✓*
Cash and cash equivalents ((954 000 ✓ + 201 600 ✓)		1 155 600 ✓
TOTAL ASSETS	(see total equity and liabilities) Accept 7 246 152	7 558 600 ✓
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY (700 000 ✓ x 880 ✓)		6 160 000 ✓
Ordinary share capital	(operation)	5 250 000 ✓
Retained income		910 000 ✓
NON-CURRENT LIABILITIES		572 400
Loan : Canara Bank (709 200 ✓ – 136 800 ✓)		572 400 ✓
CURRENT LIABILITIES		826 200
Trade and other payables	balancing figure	122 400 ✓
Shareholders for dividends (700 000 x 0,81)		567 000 ✓✓
Current portion of loan	(see long-term loan above)	136 800 ✓
TOTAL EQUITY AND LIABILITIES	(operation one part correct)	7 558 600 ✓

Foreign entries -1 (max -2)

Placement / Presentation / Incomplete details -1 (max -2)

TOTAL MARKS
55



QUESTION 2:

2.1

CONCEPTS	
2.1.1.	Current asset ✓
2.1.2.	Operating activity ✓
2.1.3.	Cash Flow Statement ✓

3

2.2. DIGITAL GIANTS LTD

2.2.1.

Calculate: Debt-equity ratio	
WORKINGS	ANSWER
$2\,450\,000 : 10\,387\,600$ $(7\,280\,000 + 3\,107\,600)$ one mark	$0,2 : 1$ ✓ one part correct; must be shown as x : 1

3

2.2.2.

Calculate: Net asset value per share	
WORKINGS	ANSWER
$\frac{10\,387\,600}{800\,000} \times 100$ cents* $(700\,000 + 120\,000 - 20\,000)$ one mark	$1\,298,5$ cents ✓ one part correct R/c not necessary accept 1298c /1299c / R12,98 / R12,99

3

2.2.3.

Calculate: Dividend pay-out rate	
WORKINGS	ANSWER
77 two marks $\frac{45}{350} + \frac{32}{1} \times \frac{100}{1}$ OR: $0,45 + 0,32$ $3,50$	OR $\frac{(369\,000 + 262\,400)}{2\,870\,000} \times 100$ 22% ✓ one part correct shown as a %

4

2.2.4.

Calculate: Return on average shareholders' equity (ROSHE)	
WORKINGS	ANSWER
$\frac{2\,870\,000}{\frac{1}{2}(10\,387\,600 + 6\,910\,000)} \times \frac{100}{1}$ $17\,297\,600$ one mark $8\,648\,800$ two marks	$33,2\%$ ✓ one part correct Accept 33% % sign not necessary

4

2.3.1.	For the Cash Flow Statement calculate: Change in Inventory			
	WORKINGS	ANSWER	Inflow/Outflow	
	391 200 – 585 700	(194 500) ✓✓	Outflow ✓	3

2.3.2.	For the Cash Flow Statement calculate: Change in Receivables			
	WORKINGS	ANSWER	Inflow/Outflow	
	418 000 – 390 000	(28 000) ✓✓	Outflow ✓	3

2.3.3.	For the Cash Flow Statement calculate: Change in Payables			
	WORKINGS	ANSWER	Inflow/Outflow	
	520 000 + 16 000 536 000 – 359 200	176 800 ✓✓	Inflow ✓	3

2.4.1.	Calculate: Taxation paid			
	WORKINGS	ANSWER		
	1 085 000 ✓ – 124 000 ✓ – 354 000 ✓ OR one mark one mark one mark –1 085 000 + 124 000 + 354 000 Accept ledger format or brackets as workings	607 000 ✓ one part correct		4

2.4.2.	Calculate: Dividends paid			
	WORKINGS	ANSWER		
	(820 000 × 0,45) two marks 210 000 ✓ + 369 000 ✓✓ OR one mark one mark one mark 210 000 + 631 400 – 262 400 see 2.2.3 Accept ledger format or brackets as workings	579 000 ✓ one part correct		4

2.4.3.	Calculate: Proceeds from sale of fixed assets			
	WORKINGS	ANSWER		
	✓ ✓ ✓ ✓ 8 865 000 – 1 360 000 + 785 000 – 8 878 000 OR one mark one mark one mark one mark 8 878 000 + 1 360 000 – 785 000 – 8 865 000 Accept ledger format, brackets as workings or fixed asset note format	588 000 ✓ one part correct		5

2.4.4. Calculate: Funds used for the repurchase of shares

WORKINGS		ANSWER
one mark 20 000 x R13,65 ✓	one mark OR 182 000 + 91 000 20 000 x 9,10 20 000 x 4,55	273 000 ✓ one part correct

2

2.5 Calculate the net change in cash and cash equivalents.

Net change in cash and cash equivalents	342 000 ✓*
Cash and cash equivalents at the beginning (28 000 ✓ – 250 000 ✓)	(222 000) ✓
Cash and cash equivalents at the end	120 000

4

*check operations

TOTAL MARKS
45

