

GRADE 12

Name: _____

Examination Number:

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Time: 2 hours

Marks: 200

INFORMATION BOOKLET

QUESTION	TIME ALLOCATED	POSSIBLE MARK
1. Inventory and Asset Management	30 min	48
2. Company Financial Statements	35 min	60
3. Cash Flow Statement	26 min	44
4. Manufacturing and Vat	29 min	48
TOTAL	120 min	200

RATIO SHEET

$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit} + \text{interest expense}}{\text{Average capital employed}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – inventories) : Current liabilities	
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{12}{1}$	Current assets – Current liabilities	
Non-current liabilities : Shareholders' equity		$\frac{\text{Ordinary share dividends}}{\text{No. of shares in issue}} \times \frac{100}{1}$
$\frac{\text{Profit after tax}}{\text{No. of shares in issue}} \times \frac{100}{1}$	$\frac{\text{Total ordinary shareholders' equity}}{\text{No. of shares in issue}} \times \frac{100}{1}$	
$\frac{\text{Fixed costs}}{(\text{selling price} - \text{variable cost})}$		Total assets : Total liabilities

FutureTech Boards sell two types of boards: **Glass Boards** and **Interactive Boards**. These boards are supplied to schools in the Gauteng area. They also provide the service of installing these boards for which they charge a fee. This fee is recorded as Installation Fee Income in the accounting records of the business.

Glass Boards are purchased from a manufacturer in Cape Town. FutureTech Boards are liable for any costs to transport the boards to their premises in Johannesburg. Interactive Boards are purchased from a manufacturer in Johannesburg and the business incurs no delivery costs for delivery of these boards to the premises of FutureTech Boards.

FutureTech Boards uses the following methods to value their boards:

- Interactive Boards: first-in-first out method (**FIFO**).
- Glass Boards: **weighted average** method.

FutureTech Boards uses the periodic inventory system to record stock in their accounting records.

FutureTech Boards also has two installation vans which are used to install the boards when sold.

- Installation van 1 was purchased on 1 January 2022 for R250 000 (excluding VAT).
- Installation van 2 was purchased on 1 February 2024 for R300 000 (excluding VAT).

Vehicles are depreciated at 20% p.a.

Information

1. The financial year of FutureTech Boards ends on 30 June 2025.
2. Fixed assets on 1 July 2024:

	Cost Price	Accumulated Depreciation	Carrying value
Installation van 1	R250 000	106 000	R144 000
Installation van 2	300 000	25 000	275 000

3. Stock on hand:

	30 June 2025			30 June 2024		
	Units	Price	Total	Units	Price	Total
Interactive Boards	60	?	R?	120	R550	R66 000
Glass Boards	90	?	?	65	700	45 500
			?			111 500

4. Purchases, transport costs, returns and donations of boards for the financial year ended 30 June 2025. All prices exclude VAT and transport costs.

4.1 Purchases:

Interactive Boards				Glass Boards			
Date	Units	Price	Total	Date	Units	Price	Total
1 Aug 2024	80	R550	R44 000	1 Sept 2024	135	R750	R101 250
1 Dec 2024	100	450	45 000	1 Dec 2024	100	600	60 000
1 Mar 2025	70	550	38 500	1 Feb 2025	60	800	48 000
1 Jun 2025	50	620	31 000	1 Jun 2025	90	800	72 000
	300		158 200		385		281 250

4.2 Transport costs:

The delivery cost per **Glass Board** from Cape Town to Johannesburg was R100 for the financial year ended 30 June 2024. This cost will increase by 10% on 1 July 2024 and then remain constant throughout the financial year. Note: If goods are returned to the supplier because they are faulty the transport cost is **not recovered**.

4.3 Returns:

10 **Glass Boards** bought on 1 February 2025 were found to be damaged on their arrival in Johannesburg. These units were returned to the supplier. The transport cost to return the boards to the supplier in Cape Town is for the account of FutureTech Boards.

4.4 Donations

The owner donated 5 **Glass Boards** which were purchased on 1 June 2025 to The Helping Hands Community School.

5. Sales, excluding VAT and installation costs:

	30 June 2025		
	Units	Price	Total
Interactive Boards	360	R1 188	R427 680
Glass Boards	320	R2 070	R662 400
			R1 090 080

6. Traded-in installation van 1 for installation van 3 on 1 May 2025 at a profit of R5 000. The cost price of installation van 3 was R360 000 excluding VAT.

QUESTION 2**COMPANY FINANCIAL STATEMENTS****(60 marks; 35 minutes)**

Lumina Beauty Ltd is a listed company that specialises in skincare and beauty products.

- The company has an **authorised** share capital of 8 000 000 ordinary shares.
- On 28 February 2024, 25% of the authorised shares were in issue.

The information that follows relates to LUMINA BEAUTY LTD.

Extract from the Pre-Adjustment Trial Balance on 28 February 2025.

Balance Sheet Section	R
Ordinary share capital	7 600 000
Investment: Lux Limited	500 000
Fixed deposit: Rand Bank	80 000
Debtors control	750 000
Provision for bad debts	42 000
Trading stock	1 844 000
Petty cash	3 000
SARS - Income tax: DEBIT	1 740 000
Bank overdraft: CREDIT	75 000
Creditors control	459 000
Nominal Account Section	
Sales	?
Cost of sales	?
Rent income	173 000
Interest income	12 000
Director's fees	1 545 000
Bad debts	10 475
Stationery	30 000
Advertising	21 300

Additional information and adjustments that must still be taken into account:

1. Included in advertising is an amount of R9 800 in respect of a contract that applies to the next financial year.
2. The mark-up achieved is 160% on cost. The gross profit for the year is R14 800 000. No other adjustments affected Sales or Cost of sales.
3. There is only one director, and she is still owed two months of her fees for the current financial year. The monthly Director's fees were increased by 15% on 1 November 2024.
4. Lumina Beauty Ltd owns shares in Nova Cosmetics Ltd. An amount of R78 000 for dividends from Nova Cosmetics Ltd must still be received.
5. Half of the fixed deposit will mature on 31 August 2025.
6. Trading stock costing R36 720 was returned to a creditor as it was not according to specification. They agreed to credit our account, however because we missed the 7-day return period, a handling fee of R1 720 was charged to our account. No entries have been made.
7. A debtor who owed R12 000 was declared insolvent. Their estate paid out R3 400. The remainder of the debt must be written off. No entries have been made for either transaction.
8. Provision for bad debts must be adjusted to R36 900.
9. It was discovered that R1 000 has been stolen out of the petty cash safe. Since the petty cash safe was left unlocked, the insurance company is not prepared to cover the stolen cash.
10. The monthly rent income remained the same during the year and has been received for 13 months. The geyser burst and the tenant paid R9 000 to replace the geyser. As repairs are the responsibility of the company, the tenant deducted the amount from his rent for March 2025.
11. Stock was stolen at the beginning of February 2025. The insurance company has deposited R49 500 into Lumina Beauty Ltd business' bank account in respect of the insurance claim. No entries have been made for the stock stolen nor the insurance claim received. Lumina Beauty Ltd bears 25% of any stock loss.

12. The annual physical stock count revealed the following:
 - Trading stock on hand R1 739 000.
 - Stationery **used** during the year amounted to R25 500.
13. A final dividend of 40c per share was declared at 28 February 2025.
14. Earnings Per Share (EPS) calculated on 28 February 2025 was 216c per share.
15. Income tax is calculated at 28% of the net profit before tax.

Question 3: Cash Flow Statements

(44 Marks; 26 Minutes)

Techtech Limited is a listed public company. The financial year end of Techtech Limited is 30 June.

Information

1. From the Statement of Income for the year ended 30 June

	2025	2024
Depreciation	R275 000	R180 000
Interest income	6 000	5 000
Interest expense (see additional information point 4.3)	64 000	48 500
Income tax	151 200	70 000
Net profit after tax	388 800	180 000

2. From the Statement of Financial Position on 30 June

	2025	2024
ASSETS		
Non-current assets	?	2 750 000
Property, Plant and Equipment at carrying value	3 300 000	2 650 000
Fixed deposit	?	100 000
Current assets	?	250 000
Trading inventory	?	150 000
Trade and other receivables Note 1	?	95 000
Cash and cash equivalents	140 000	5 000
TOTAL ASSETS	4 610 000	3 000 000
EQUITY AND LIABILITIES		
Share capital and reserves	2 660 000	2 000 000
Ordinary share capital	2 215 000	1 740 000
Retained income	445 000	260 000
Non-current liabilities	1 300 000	550 000
Mortgage bond: Nedbank Bank	1 300 000	550 000
Current liabilities	650 000	450 000
Trade and other payables Note 2	650 000	328 000
Bank overdraft	0	122 000
TOTAL EQUITY AND LIABILITIES	4 610 000	3 000 000

3. Notes to the Statement of Financial Position on

Note 1 - Trade and other receivables	2025	2024
Trade debtors	?	93 750
Accrued income: Interest on fixed deposit	1 800	1 250
SARS - Income tax	25 000	0
	?	95 000

Note 2 - Trade and other payables	2025	2024
Trade creditors	549 200	266 000
SARS - Income Tax	0	17 000
Shareholders for dividends	100 800	45 000
	650 000	328 000

4. Additional information

4.1 Fixed assets:

- Property, Plant and Equipment was purchased for R1 105 000 during the of course the current financial year.
- Old machinery was sold at its carrying value during the financial year.

4.2 Share capital:

- Total authorised share capital, 250 000 shares.
- The average price per share on 1 July 2024 was R25.
- There were 69 600 shares in issue on 1 July 2024.
- 5 000 shares were repurchased on 1 October 2024 for R28 per share.
- New shares were issued on 1 February 2025 at R30 per share.
- The market value of the shares on the Johannesburg Securities Exchange (JSE) on 1 February 2025 was R37,50.

4.3 Mortgage loan and interest

- Interest on loan is capitalised.
- The loan statement from Nedbank Bank for the financial year ended 30 June 2025, revealed the following information:

Balance on the loan account on 1 July 2024	R550 000
Interest for the year, compounded monthly	64 000
Repayment	?
Loan – 1 February 2025	?
Balance on 28 February 2025	1 300 000

- A monthly repayment of R22 000 was made to Nedbank Bank on the last day of each month. This repayment covers both the monthly interest as well as capital repayment on the loan. All repayments were made on time to Nedbank Bank.

4.4 Financial indicators on 30 June

	2025	2024
Current ratio	1,8 : 1	1,65 : 1
Acid test ratio	0,6 : 1	0,7 : 1
Interest on mortgage loan	17%	14%
Interest on investment	5%	5%
Market value of the shares on the JSE	R38,00	R28,00

QUESTION 4 MANUFACTURING AND VAT (48 marks; 29 minutes)

Part A: MANUFACTURING

Freedom Stationers (Pty) Ltd manufactures school exercise books. Their financial year runs from 1 July to 30 June.

The following financial information was Extracted from the Pre-adjustment Trial Balance:

	30 June 2025	30 June 2024
Direct Raw Materials	19 000	16 000
Work-in-Progress	26 000	28 000
Consumable Stores on Hand	3 100	2 300
Finished Goods	?	45 000
Rent Expense	312 000	
Insurance	27 500	

A. Raw Materials

- Credit purchases amounted to R490 000.
- Carriage is charged at 5% on credit purchases.
- An invoice from a supplier in Germany for €7 500 has not been recorded. The current exchange rate is R19.55. Import duties were R4 500.
- Returns to creditors amounted to R18 500. Carriage was not refunded.
- Cash purchases totaled R215 000.

B. Labour

- The direct factory workers' **net** salaries for the year were R331 360. PAYE is 18% of gross salary and pension fund deductions are 6% of gross salary.
- The business contributes R17 400 p.a. for pension on behalf of the direct factory workers.
- The factory foreman has a cost-to-company of R240 000 p.a.
- The cleaner gets a monthly gross salary of R8 000. The monthly company contributions for the cleaner are R320. She spends 60% of her time in the factory and the rest in the office.

C. Consumable Stores

- Purchases of consumable stores totaled R73 700.
- All consumable stores (above) are shared between the factory, office, and sales department in a 4:1:1 ratio.

D. Other Expenses

- Rent is paid one month in advance. The factory takes up 800 m² of the 1 200 m² building.
- Insurance is still owing for June 2025. The factory accounts for 80% of the insurance costs.
- The business' equipment was purchased in the previous financial year for R1 800 000. Equipment is depreciated at 10% p.a. on cost. The factory equipment is three quarters of all the equipment.

E. Sales

- Freedom Stationers operates on a 40% mark-up on cost. Net sales were R2 730 000.

Part B: VAT

Information relating to Storm River Transporters

VAT is calculated at 15%.

Selected transactions involving VAT taken from the financial records of Storm River Transporters for the year ending 31 August 2025:

1. Sold stock that had a selling price of R117 600 exclusive (R135 240 inclusive).
2. A debtor who owed R23 115 was declared insolvent, and her account must be written off.
3. Purchased goods on credit that cost R45 600 exclusive, this was before a 5% trade discount was granted.