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**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING
COMMON TEST
MARCH 2025**

MARKS: 100

TIME: 1½ HOUR

This question paper consists of 9 pages including a formula sheet and an Answer Book of 7 pages.



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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the 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 and 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 and Note | 40 | 35 |
| 2 | Statement of Financial Position and Notes | 45 | 40 |
| 3 | Interpretation of Financial Statements | 15 | 15 |
| TOTAL | | 100 | 90 |



QUESTION 1: COMPANY FINANCIAL STATEMENTS**(40 Marks; 35 Minutes)****EXPRESS LIMITED**

The information relates to the financial year ended on 28 February 2025. The business sells one type of Cameras.

REQUIRED:

1.1 Complete the Statement of Comprehensive Income for the year ended 28 February 2025. (31)

1.2 Prepare Trade and other Receivables Note on 28 February 2025. (9)

Note: Some amounts are provided in the ANSWER BOOK.

INFORMATION:

A. List of balances, before taking into account all adjustments below:

| | 2025 R | 2024 R |
|---|------------|------------|
| Ordinary share capital | | 14 250 000 |
| Retained income | 9 000 000 | 9 200 000 |
| Loan: Smile Bank | ? | 1 280 000 |
| Land and buildings | 13 225 075 | 8 000 000 |
| Vehicles | 850 000 | |
| Equipment | 230 000 | |
| Accumulated depreciation on Equipment | 177 500 | 151 000 |
| Accumulated depreciation on vehicles | 102 500 | 89 500 |
| Fixed deposit | 7 000 000 | |
| Debtors control | 350 000 | |
| Creditors control | ? | |
| Trading stock | 750 000 | |
| SARS – Income tax (provisional payment) | Dr 210 750 | |
| Provisional for bad debts | | 10 500 |
| Consumable stores on hand | | 3 000 |
| Sales | 3 440 000 | |
| Cost of sales | ? | |
| Salaries and wages | 920 000 | |
| Audit fees | 28 000 | |
| Sundry expenses | ? | |
| Commission income | 312 600 | |
| Bad debts recovered | 39 000 | |
| Bad debts | 11 000 | |
| Rent income | ? | |
| Consumable stores | 20 000 | |
| Interest on fixed deposit | 66 620 | |
| Advertising | 19 500 | |
| Dividends on ordinary shares | 300 000 | |

B Adjustments and additional information:

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- (i) The business uses a mark-up of 100% on cost of cameras. Trade discounts totaling R300 000 have been granted and recorded.
- (ii) A credit note for R70 000 issued to a debtor for goods returned on 27 February 2025, was recorded and posted as an invoice, in error
- (iii) The provision for bad debts must be adjusted to R9 500.
- (iv) Rent income of R8 500 per month was decreased by R850 per month with effect from 1 June 2024, due to the poor condition of the premises. The premises were upgraded, and the rent was thereafter increased by 10% p.a effective from 1 January 2025. The tenant has not paid the rent for February 2025.
- (v) Unused consumable stores amounted to R5 000
- (vi) Advertising excludes an amount of R7 500 paid for the period 1 January 2025 to 30 May 2025. A fixed rate is applied monthly.
- (vii) The company has three directors. Two of the directors receive an annual fee of R192 000 each. The third director receive 10% less than the other directors.

All three directors receive the full amount for the year and the bookkeeper recorded this amount in the salaries and wages account in error.

The third director however, decided to resign and this was approved on 31 January 2025. He promised to return the fees that he received for the period that he would not be serving the company.
- (viii) Depreciation for vehicles and equipment has been correctly calculated and recorded.
- (ix) Loan from Smile Bank:
 - All transactions with respect to the loan were recorded.
 - Interest on the loan is capitalised.
 - A fixed monthly instalment (including interest) amounted to R264 000 was paid in full.
 - The capital of the repayment will increased by 10% over the next financial year and will amount to R133 925.
- (x) Total dividends for the financial year amounted to R750 000.
- (xi) The sundry expenses is the balancing figure.
- (xii) The net profit after tax was accurately calculated at R560 000. The income tax rate is 30%



QUESTION 2 STATEMENT OF FINANCIAL POSITION (45 marks; 40 minutes)

You are provided with information related to Mevas Limited, a public company, for the financial year ended 28 February 2025.

REQUIRED:

- 2.1 Prepare the ordinary share capital Note to the Statement of Financial Position. (8)
- 2.2 Prepare the Retained income Note to the Statement of Financial Position (8)
- 2.3 Complete the Statement of Financial Position for the year ended 28 February 2025. (29)

INFORMATION:**A. List of balances extracted from the accounting records of Mevas LTD on 28 February 2025:**

| | 2025 R | 2024 R |
|--|-----------|------------|
| Ordinary share capital | ? | 6 000 000 |
| Retained income | ? | 1 634 000 |
| Loan: Spring Bank | 4 028 000 | 4 175 000 |
| Fixed assets at carrying value | ? | 12 278 400 |
| Fixed deposit | 3 000 000 | 2 000 000 |
| Creditors control | 478 000 | |
| Debtors control | 356 000 | |
| Provision for bad debts | | 16 000 |
| Bank (Favourable) | ? | |
| Accrued expenses | 12 000 | |
| Prepaid expenses | 6 800 | |
| SARS: Income tax (provisional tax payment) | 1 012 000 | |

D. Shares and dividends

Authorised share capital consist of 5 000 000 shares.

| DATE | DETAILS |
|-----------------|---|
| 1 March 2024 | 3 000 000 shares were in issue |
| 1 December 2024 | 1 000 000 additional shares were issued at R5.00 |
| 1 February 2025 | 200 000 shares were repurchased from a shareholder, a payment of R770 000 was made. |

- Interim dividends of 28 cents per share were paid on 28 August 2024.
- Final dividends of 44 cents per share were declared on 28 February 2025 to all shares in the share register.



E. Income tax and Profit

- After taking into account all relevant information, the net profit before tax was accurately calculated to be R3 800 000.
- Amount of R60 000 is receivable by SARS in respect of income tax for the year.

F. Transfer

- A creditor with a debit balance of R14 000 must be transferred to his account in the debtor's ledger.

F. Provision for bad debts

- Provision for bad debts must be maintained at 5% of the outstanding debtors.

G. Fixed assets and depreciation

- No fixed assets were purchased or sold during the financial year.
- Depreciation for the financial year ended 28 February 2025 was amounted to R890 000.

H. Loan

- A fixed monthly instalment of R35 000 (to cover loan repayment and interest) has to be paid over the full period of the loan.
- The interest will decline over the life of the loan. The interest on the loan for next financial year will decreased by R38 600 from the current interest on loan (2025)

I. The following financial indicator was calculated after all adjustments had been taken into account:

| | |
|-----------------|---------|
| Acid-test ratio | 0.8 : 1 |
|-----------------|---------|



QUESTION 3**INTERPRETATION****(15 Marks; 15 Minutes)****SPEEDY LTD**

You are provided with information relating to Speedy Ltd for the financial year ended 28 February 2025.

3.1 INTERPRETATION**REQUIRED:****3.1.1 Profitability**

Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently. (2)

3.1.2 Liquidity

Suggest strategies that the company can employ to improve its net working capital. Quote TWO financial indicators. (4)

3.1.3 Earnings and Returns

- Comment on the dividend pay-out policy of the company. Provide TWO reasons why the directors decided to change policy in 2025. (2)
- Explain whether the shareholders should be satisfied with their return on investment in the company. Quote ONE financial indicator, with figures, in your explanation. (2)

3.1.4 Value of shares:

The CEO wants to buy 30 000 shares at R8.10 per share from the company without informing the shareholders on 28 February 2025

As a shareholder in the company, how would you react to this decision? Explain and Quote TWO financial indicators. (2)

3.1.5 Risk and gearing

Comment on the degree of risk and gearing. (3)



INFORMATION:**A. Financial Indicators calculated on 28 February:**

| INDICATORS | 28 February 2025 | 28 February 2024 |
|-----------------------------------|------------------|------------------|
| % Operating expenses on sales | 21.6% | 32.2% |
| % Mark-up achieved | 60% | 50% |
| % Operating profit on sales | 21% | 19% |
| Current ratio | 2 : 1 | 1.9 : 1 |
| Acid-test ratio | 0.6 : 1 | 1.3 : 1 |
| Average debtors collection period | 42 days | 29 days |
| Average creditors payment period | 60 days | 56 days |
| Debt-equity ratio | 0.6 : 1 | 0.9 : 1 |
| Earnings per share | 70 cents | 78 cents |
| Dividends per share | 72 cents | 49 cents |
| Dividend pay-out rate | 103% | 51% |
| Net asset value per share | 950 cents | 955 cents |
| % return on shareholders' equity | 12.8% | 11% |
| % return on capital employed | 19.8% | 20.3% |

B. Additional information on 28 February:

| | 28 February 2025 | 28 February 2024 |
|-------------------------------|------------------|------------------|
| Interest rate on loan | 13% | 13% |
| Interest rate on investment | 8% | 8% |
| Market value per share on JSE | 934 cents | 968 cents |

15

TOTAL MARKS: 100

| 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 and other receivables + Cash and cash equivalents) : Current liabilities | |
| $\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ | $\frac{\text{Cost of sales}}{\text{Average trading stock}}$ |
| $\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$ | $\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ |
| $\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$ | $\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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 <ul style="list-style-type: none"> 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. | |

