



**education**

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Department:  
Education  
**PROVINCE OF KWAZULU-NATAL**

**GRADE 12**

**NATIONAL  
SENIOR CERTIFICATE**

**ACCOUNTING**

**MARCH 2020**

**COMMON TEST**

**MARKS: 100**

**TIME : 1½ hour**

**This question paper consist of 8 pages, 1 formula sheet  
and an answer book of 7 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of 9 pages.
2. A special **ANSWER BOOK** consisting of 7 pages is provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper. Try **NOT** to deviate from it.

<b>Question 1: 44 Marks, 40 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Financial Statements	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Notes</li> </ul>
<b>Question 2: 37 Marks, 33 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Cash Flow Statement and Ratio's and analysis and interpretation	<ul style="list-style-type: none"> <li>• Calculation of amounts for Cash Flow Statement</li> <li>• Net asset value per share</li> <li>• Interpretation</li> </ul>
<b>Question 3: 19 Marks, 17 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Companies	<ul style="list-style-type: none"> <li>• Concepts</li> <li>• Audit report and Corporate Governance</li> <li>• Problem Solving</li> </ul>

**QUESTION 1 FINANCIAL STATEMENT AND AUDIT REPORT (44 Marks; 40 Minutes)**

The information below relates to Tholani LTD. The financial year ended on 29 February 2020.

**THOLANI LIMITED****REQUIRED**

- 1.1 Prepare the following notes for the financial year ended 29 February 2020:
- 1.1.1 Retained income (10)
- 1.1.2 Trade and other payables (6)
- 1.2 Complete the Balance Sheet (Statement of Financial Position) on 29 February 2020. Where notes are not required show all workings (28)
- A. Balances extracted from the accounting records on 29 February (Unless otherwise stated).

	2020	2019
Ordinary share capital	3 500 000	1 212 500
Retained income	?	?
Packing material on hand	16 000	4 000
Loan from : Nkunzi Bank	1 376 000	
Fixed assets at carrying value	?	
Fixed deposit : Mooi river Bank	1 499 500	
Trading stock	426 800	
Creditors control	177 500	
Debtors control	400 000	
Accrued expenses (expenses payables)	12 000	
Income received in advance (deferred income)	11 500	
Bank (Dr)	?	
Petty cash	?	
Provision for bad debts	7 500	
SARS Income tax (Dr)	1 180 000	

**B. Shares**

- New shares were issued on 1 June 2019.
- 150 000 shares were repurchased on 1 December 2019 from a disgruntled shareholder for R532 500. This transaction was recorded and the shareholder does qualify for final dividends.
- 1 250 000 shares were in issue on 29 February 2020.

**C. Dividends**

The directors declared the following dividends:

- Interim dividends of R980 000 was paid recorded on 31 July 2019.
- Final dividends of 50 cents per share on 29 February 2020.

D. A debtor with a credit balance of R2 000 on 29 February 2020 must be transferred to the creditors ledger.

E. The provision for bad debts must be decreased by R1 500.

F. The loan statement from Nkunzi Bank on 29 February 2020 reflected the following balances:

Balance at the beginning of the financial year	R1 600 000
Repayment during the year	R224 000
Interest capitalised	R34 000
Balance at the end of the financial year	?

The capital portion of the repayment of the loan for the next financial year remains the same as the current financial year.

G. The following financial indicators were calculated on 29 February 2020:

- Net asset value per share (NAV) is 457.6 cents
- Acid test ratio is 1.5 : 1

H. Stock to the value of R5 600 was destroyed in a fire. The insurance company agreed to pay R4 800. This transaction was not recorded.

I. After taking into account all relevant information taxation for the year was accurately calculated to be R1 170 000 at 30%.

**QUESTION 2****CASH FLOW STATEMENT AND INTERPRETATION****(37 Marks; 33 Minutes)**

You are provided with information relating to Inanda LTD for the financial year ended 29 February 2020.

**REQUIRED:**

- 2.1** Prepare the ordinary share capital note on 29 February 2020. (7)
- 2.2** Calculate the following figures that will appear on the Cash Flow Statement:
- 2.2.1 Income tax paid (4)
- 2.2.2 Dividends paid (3)
- 2.2.3 Purchases of tangible assets (5)
- 2.2.4 Net change in cash and cash equivalent (3)
- 2.3** Calculate the Net asset value per share (NAV) for the year ended 29 February 2020. (3)
- 2.4 Refer to information C.**  
The CEO, Glencoe Hilton currently owns 46.4% of the issued shares on 1 March 2019. The board of directors decided to repurchase some shares and issue all the unissued shares.
- 2.4.1 Calculate the percentage (%) of shares that Glencoe owns after the repurchased of shares.  
**NOTE:** None of Glencoe's shares were repurchase. (3)
- 2.4.2 Calculate the minimum number of shares Glencoe must buy when the unissued shares have been issued to gain control of the company. (3)
- 2.4.3 Glencoe wants to purchase the additional shares at R3,00 without advertising the shares to the public. Give THREE reasons (with figures) why you would not approve of this. (3)
- 2.5** The directors are of the opinion that the liquidity has decreased. Quote THREE financial indicators (with figures) to support this opinion. (3)

**INFORMATION:****A. Information extracted from the Income Statement on 29 February 2020:**

Depreciation	180 000
Interest on loan	36 000
Net profit before tax	1 500 000
Net profit after tax	1 050 000

**B. Information from the Balance Sheet on February 2020:**

	2020	2019
Fixed assets (at carrying value)	3 350 000	2 000 000
Shareholders' equity	7 697 000	4 345 000
Ordinary share capital	7 644 000	4 200 000
Retained income	53 000	145 000
Bank	Dr 400 000	Cr 560 000
SARS : income tax	Cr 12 400	Dr 8 900
Shareholders for dividends	?	70 000

**C. Shares:**

- Authorised share capital is 2 000 000 ordinary shares.
- On 28 February 2019, 1 200 000 ordinary shares had been issued.
- On 1 October 2019, 40 000 shares were repurchased at R4.10. (These shares do not qualify for final dividends.)
- On 29 February 2020, all shares that were un-issued as at 28 February 2019 were issued.

**D. Dividends:**

- Interim dividends of 40 cents per share was declared and paid on 30 August 2019.
- Final dividends of 55 cents per share was declared.

**E. Fixed assets:**

- Fixed assets were sold for cash at a carrying value of R200 000 during the financial year. Fixed assets were also purchased during the financial year.

**F. The following financial indicators were calculated for the past two financial years:**

	2020	2019
Current ratio	0.9 : 1	2 : 1
Acid test ratio	0.5:1	0.9:1
Debtors collection period	21 days	38 days
Stock turnover rate	11 times	15 times
Debt-equity ratio	0.1:1	0.3:1
Return on total capital employed (ROTCE)	?	29%
Return on shareholders' equity (ROSHE)	17%	20%
Earnings per share (EPS)	54 cents	33 cents
Dividend per share (DPS)	95 cents	60 cents
Net asset value per share (NAV)	?	390 cents
Interest rate on investment	9%	9%
Market value (JSE)	400 cents	300 cents