



# TSHWANE WEST DISTRICT D15



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## ACCOUNTING



**TIME: 1 ½ hour**

This question paper consists of 10 pages including formula sheet

## 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 ALL workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a blue/black ink to answer the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

| <b>QUESTION 1: 55 marks; 50 minutes</b>       |   |
|---|---|
| <b>Topic of the question:</b>                 | <b>This question integrates:</b>  |
| Concepts, Income Statement                    | <b>Financial accounting</b><br>Concepts and Correction of Net Profit after tax  |
| <b>QUESTION 2: 45 marks; 40 minutes</b>       |   |
| <b>Topic of the question:</b>                 | <b>This question integrates:</b>  |
| Financial Statements: Balance Sheet and Notes | <b>Financial accounting</b><br>Balance Sheet and notes and Corporate Governance |

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| <b>QUESTION</b> | <b>TOPIC</b>   | <b>MARKS</b> | <b>MINUTES</b> |
|-----------------|--|--------------|----------------|
| <b>1</b>        | Calculation of correct net profit after tax and Concepts                           | 55           | 50             |
| <b>2</b>        | Statement of Financial Position (Balance Sheet) and Notes and Corporate Governance | 45           | 40             |
|                 |  |              |                |
| <b>TOTAL</b>    |  | <b>100</b>   | <b>90</b>      |

## QUESTION 1

### 1.1 CONCEPTS

Choose the correct term that matches the statement below. Write only the term next to the question number (1.1.1-1.1.5)

Director; Prudence; Independent auditor; Shareholders; Internal auditor; Consistency; Materiality; IFRS

|       |   |
|-------|---|
| 1.1.1 | A person employed by a company to check and advise management on the financial control systems                      |
| 1.1.2 | The person appointed by the shareholders to expresses an unbiased opinion on the financial statements of a company. |
| 1.1.3 | Cleaning material bought for R25 are shown as part of sundry expenses in the income statement.                      |
| 1.1.4 | Guidelines for preparation of Financial statements to ensure consistency.   |
| 1.1.5 | Profits should not be overstated and losses must not be understated.  |

### 1.2 TSHWANE LIMITED

The following information relates to Tshwane Limited. The financial year ended on 28 February 2023.

#### REQUIRED:

- 1.2.1 Refer to information B and C
- (i) Calculate depreciation on the asset sold (5)
  - (ii) Calculate the profit or loss on the sale of an asset. (5)
  - (iii) Calculate the total depreciation (9)

1.2.2 Refer to Information D and F

Calculate the Correct Net Profit after Tax. (14)

1.2.3 Refer to information A and E

Calculate

- Retained Income (8)
- Ordinary Share Capital (9)

**A. Extract of a list of Balances/Totals on 28 February 2023**

| <b>Balance Sheet Accounts Section</b>                | <b>R</b>  |
|--|-----------|
| Ordinary share capital                               | ?         |
| Retained income (1 March 2022)                       | 840 000   |
| Land and Buildings                                   | 8 002 000 |
| Vehicles   | 1 500 000 |
| Equipment (28 February 2023)                         | 700 000   |
| Accumulated depreciation on equipment (1 March 2022) | 263 750   |
| Accumulated depreciated on vehicles (1 March 2022)   | 460 000   |
| Fixed Deposit: NB Bank                               | 360 000   |
| Trading Stock  | 250 000   |
| Trade and other receivables                          | 696 000   |
| Cash float   | 12 000    |
| Loan: DB Bank  | 1 140 000 |
| Creditors' Control                                   | 294 600   |
| Bank Overdraft                                       | 52 000    |
| SARS: Income Tax                                     | 300 000   |
| <b>Nominal Accounts Section</b>                      |           |
| Rent income  | 325 600   |
| Dividends on ordinary shares                         | 96 000    |



B. No entries were made for a vehicle sold on 30 November 2022 for R50 000 cash. Details of the vehicle:

- Cost price, R190 000
- Accumulated depreciation (1 March 2022), R72 000
- Depreciation rate: 20% p.a. on cost

C. Provide for depreciation as follows:

- Depreciation for the remainder of the vehicles was calculated to be R138 000.
  - On equipment at 10% p.a. on the diminishing-balance method
- NOTE:** New equipment costing R32 000 was purchased and recorded on 1 September 2022.

**NOTE: DEPRECIATION CALCULATION STILL TO BE INCLUDED IN THE ADJUSTMENT OF NET PROFIT.**

D. The Internal Auditor found that the following adjustments were **NOT** taken into account when the **Net Profit before Tax, R1 025 500** was calculated.

- The telephone account, R1 500 for February 2023 was not yet paid.
- Insurance amount of R4 500 was prepaid.
- Rent Income for March and April 2023 was already received. The rent was increased on 1 September 2022 by 10%. The Rent Income account showed an amount of R325 600 in the General Ledger.
- Stock to the value of R23 000 was destroyed in the fire. The insurance company agreed to pay 80%.
- Stationery of R500 was on hand on 28 February 2023.
- A further R33 000, is still owed for income tax.

E. **Shares and Dividends**

- (i) Authorized share capital comprises 5 000 000 ordinary shares.
- (ii) On 1 March 2022: 160 000 shares for R4 000 000 were in issue.
- (iii) On 31 August 2022: The directors decided to buy back 60 000 shares from the family of a deceased shareholder, at R30 per share. These shares are **NOT** entitled to final dividends.
- (iv) On 1 January 2023: 100 000 shares were issued at R20,50 each.

- (v) The directors declared a final dividend of 60 cents per share on 28 February 2023.

**F. Non-current Liabilities**

|  |            |
|--|------------|
| Balance at beginning of financial year | R1 500 000 |
| Repayments during the year             | R?         |
| Interest capitalized                   | R157 500   |
| Balance at end of financial year       | R1 140 000 |

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

QUESTION 2

2.1 BALANCE SHEET

2.1. SHENGE LTD

Refer to the information from the records of Shenge Ltd for the financial year ended 30 June 2022.

REQUIRED:

2.2.1 Complete the Balance Sheet on 30 June 2022. **Show ALL workings in brackets to earn part marks** (39)

2.2.2 **CORPORATE GOVERNANCE**

One of the most important decisions that shareholders have to make at the annual general meeting (AGM) is to appoint directors to serve on the board.

- Explain why the shareholders have been given this responsibility. (2)
- If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain ONE point and give a reason (4)



**INFORMATION:**

**A. Extract from the books on 30 June 2022:**

|  |           |
|--|-----------|
| Ordinary share capital- 30 June 2022     | 650 000   |
| Retained income                          | ?         |
| Fixed assets at carrying value           | 1 400 000 |
| Mortgage Loan: Metro Bank (30 June 2022) | 250 000   |
| Bank ( <b>unfavourable</b> )             | ?         |
| Petty cash                               | 3 000     |
| Savings account                          | 10500     |
| Fixed deposit: Grace Bank                | 125 000   |
| Trading stock                            | ?         |
| Debtors' control                         | 317 000   |
| Creditors' control                       | 239 800   |
| Income received in advance               | 6 600     |
| Creditors for salaries                   | 10 000    |
| Accrued Income                           | 7 300     |
| SARS: Income tax (provisional payments)  | 390 000   |
| Rates and taxes                          | 12 600    |

**B. Fixed Deposit:**

- 28% of the fixed deposit will mature within the next 12 months.

**C. Shares and Dividends:**

- 100 000 shares were in issue at the end of the financial year
- The directors decided to declared final dividends of 22 cents at the end of the financial year.

**D.** Rates and taxes have been paid for only 8 months.

**E.** A creditor with a **Credit** Balance of R5 570 must be transferred to the Debtors' control

**F.** R55 000 of the loan will be paid back in the next financial year.

**G.** Income tax for the year amounted to R370 800.

**H.** Financial indicator- 30 June 2022

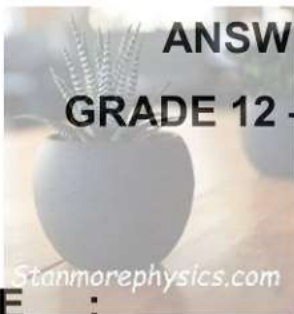
- **Current ratio is 1,5:1**

**GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET**

|   |  |
|---|--|
| $\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$   | $\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$  |
| $\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$  | $\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$  |
| $\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$   | $\frac{\text{Operating profit} \times 100}{\text{Sales}} \quad 1$  |
| 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   |  |
| $\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$  | $\frac{\text{Cost of sales}}{\text{Average trading stock}}$  |
| $\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$   | $\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$                                   |
| $\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$  | $\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$<br>(*See note below) |
| $\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$ |  |
| $\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$   | $\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$                    |
| $\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$  | $\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$                           |
| $\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$   | $\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$                       |



# TSHWANE WEST DISTRICT D15



**SURNAME** : \_\_\_\_\_

**NAME** : \_\_\_\_\_

**SCHOOL** : \_\_\_\_\_

| QUESTION     | MARKS      | MARKER | MODERATOR |
|--------------|------------|--------|-----------|
| 1            |            |        |           |
| 2            |            |        |           |
|              |            |        |           |
| <b>TOTAL</b> | <b>100</b> |        |           |

This answer book consists of 6 pages.

**QUESTION 1**

1.1

Choose the correct term to complete each of the following statements. Write only the term next to the question number.


|       |  |
|-------|--|
| 1.1.1 |  |
| 1.1.2 |  |
| 1.1.3 |  |
| 1.1.4 |  |
| 1.1.5 |  |

|   |
|---|
|   |
| 5 |

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|       | 1.2.1 FIXED ASSET   | ANSWERS |
|-------|---|---------|
| (i)   |   |         |
| (ii)  |   |         |
| (iii) | Depreciation: Vehicles<br>138 000 +<br><br>Depreciation : Equipment |         |
|       |   | 19      |

1.2.2 Calculate the Net Profit after Tax.

|   | R                |
|---|------------------|
| <b>Incorrect Net Profit before Tax</b>  | <b>1 025 500</b> |
|  |                  |
|   |                  |
|   |                  |
|   |                  |
|   |                  |
|   |                  |
|   |                  |
|   |                  |
| <b>Net profit before tax</b>  |                  |
| <b>Income Tax</b>   |                  |
| <b>Net Profit after tax</b>   |                  |



1.2.3

|                   |   |           |   |
|-------------------|---|-----------|---|
| <b>Authorised</b> |   |           |   |
| 5 000 000 shares  |   |           |   |
| <b>Issued</b>     |   |           |   |
| 160 000           | Ordinary shares in issue at the beginning of the financial year | 4 000 000 |   |
|                   |   |           | 9 |
|                   |   |           |   |
|                   |   |           |   |

(b) **RETAINED INCOME**

|   |         |   |
|---|---------|---|
| Balance at the beginning of the financial year              | 840 000 |   |
|   |         |   |
|   |         |   |
| <b>Ordinary share dividends/Dividends on ordinary share</b> |         |   |
| Interim (paid)  |         |   |
| Final (recommended)   |         |   |
| <b>Balance at the end of financial year</b>                 |         | 8 |

## QUESTION 2

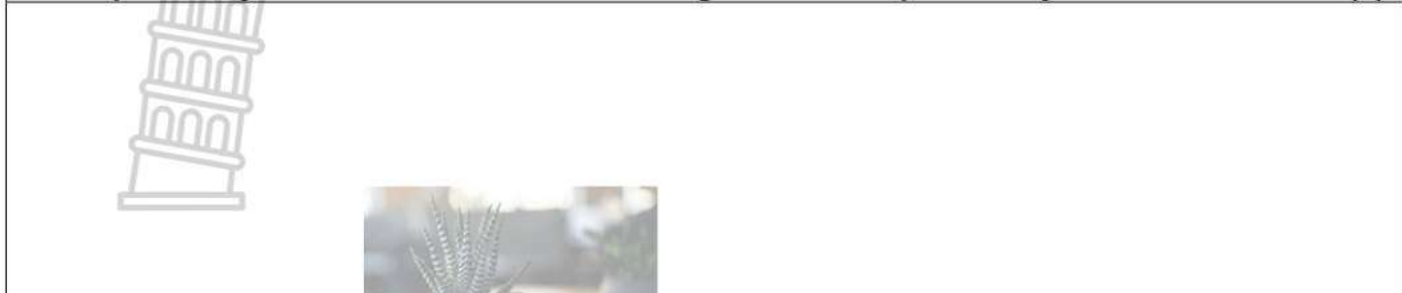
## 2.1 Balance Sheet

## Shenge LTD

## 2.1.1 Balance Sheet (Statement of Financial Position) as at 30 June 2022:

|   |         |
|---|---------|
| <b>Assets</b>                               |         |
| <b>Non-Current Assets</b>                   |         |
| <b>Fixed Assets</b>                         |         |
| Financial Assets: Fixed deposit: Grace Bank |         |
| <b>Current Assets</b>                       |         |
| Inventories                                 |         |
| Trade and other receivables                 |         |
| Cash and cash equivalents                   |         |
| <b>Total Assets</b>                         |         |
| <b>Equity and Liabilities</b>               |         |
| <b>Ordinary Shareholders' Equity</b>        |         |
| Ordinary Share capital                      | 650 000 |
| <b>Non-current liabilities</b>              |         |
| <b>Current liabilities</b>                  | 559 500 |
| Trade and other payables                    |         |
|   |         |
|   |         |
| <b>Total Equity and Liabilities</b>         |         |

2.2 Explain why the shareholders have been given this responsibility. (2)



2.3 If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain ONE point and give a reason (4)

| Characteristics or factors | Reason |
|----------------------------|--------|
|                            |        |

|    |
|----|
|    |
| 06 |

|     |
|-----|
|     |
| 100 |



**TSHWANE WEST  
ACCOUNTING  
GRADE 12  
MARCH 2023**

**MARKING GUIDELINE**



**MARKING PRINCIPLES**

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no foreign item penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. 'Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'.  
*Note:* Check operation means must be +, –, x or ÷ as per memo.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such cases, do not award the method mark. Indicate by way of ☒
12. Be aware that some candidates provide valid alternatives beyond the memorandum.
13. Codes: f = foreign item; p = placement/presentation.

**This marking guideline consists of 6 pages.**







## 1.2.2 Calculate the Net Profit after Tax.

|  | R                             |
|--|-------------------------------|
| <b>Incorrect Net Profit before Tax</b>                       | <b>1 025 500</b>              |
| Telephone  | ✓ ( 1 500)                    |
| Insurance  | ✓ 4 500                       |
| Depreciation (see 1.2.1)                                     | ☑(208 525)                    |
| Loss on sale of an Asset(see 1.2.1)                          | ☑(39 500)                     |
| Interest on loan   | ✓(157 500)                    |
| Rent Income $220/1480 \times 325\ 600$                       | ✓✓ (48 400)                   |
| Loss on stock( $23\ 000 \times 80\% = 18\ 400$ )(23 -18 400) | ✓✓(4 600)                     |
| Stationery   | ✓ 500                         |
| <b>Net profit before tax</b>                                 | ☑ 570 475<br>one part correct |
| <b>Income Tax</b> (300 000 + 33 000)                         | ✓☑ (333 000)                  |
| <b>Net Profit after tax</b><br>Tax must be deducted          | ☑237 475<br>one part correct  |

(14)

## 1.2.3

|                               |   |                                    |
|-------------------------------|---|------------------------------------|
| <b>Authorised</b>             |   |                                    |
| 5 000 000 shares              |   |                                    |
| <b>Issued</b>                 |   |                                    |
| 160 000                       | Ordinary shares in issue at beginning of Year                                     | 4 000 000                          |
| (60 000) ✓<br>ignore brackets | Shares repurchased during the year at R25 ✓✓ (ASP) one part correct               | *(1 500 000) ✓*<br>ignore brackets |
| 100 000 ✓                     | Additional ordinary shares issued @R 20,50 ✓                                      | 2 050 000 ✓                        |
| 200 000 ✓                     | Ordinary shares in issue at end of year one part correct must subtract repurchase | 4 550 000 ✓                        |

9

\*Do not accept: R300 000 or 60 000 x R5

(b)

**RETAINED INCOME**

|   |                                    |
|---|------------------------------------|
| <b>Balance on 1 March 2022</b>  | <b>840 000</b>                     |
| Net profit after income tax (see 1.2.2)   | 237 475 ✓*                         |
| Shares repurchased (60 000 x R5 ✓) 5 – ASP above  | ** (300 000) ✓*<br>ignore brackets |
| <b>Ordinary share dividends</b>   | (216 000) ✓*<br>ignore brackets    |
| Interim (paid)  | 96 000 ✓                           |
| Final (recommended) (200 000 x 60 cents ✓ or 0,60 / 60%)  | 120 000 ✓*                         |
| <b>Balance on 28 February 2023</b> correct & *one part<br>repurchase and OSD must be subtracted | 561 475 ✓*                         |

8

\*One part correct

## QUESTION 2

## 2.1 Balance Sheet

Shenge LTD

## 2.1.1 Balance Sheet (Statement of Financial Position) as at 30 June 2022:

|   |   |                             |
|---|---|-----------------------------|
| <b>Assets</b>   |   |                             |
| <b>Non-Current Assets</b>   | <input checked="" type="checkbox"/>                                     | 1 490 000<br>Operation      |
| <b>Fixed assets</b>   | <input checked="" type="checkbox"/>                                     | 1 400 000                   |
| <b>Financial Assets: Fixed deposit: Grace Bank</b><br>(125 000✓ - 35 000✓ <input checked="" type="checkbox"/> one part correct) | <input checked="" type="checkbox"/>                                     | 90 000                      |
| <b>Current Assets</b> CL x 1.5  | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | 839 250                     |
| <b>Inventories</b> balancing figure   | <input checked="" type="checkbox"/>                                     | 452 820                     |
| Trade and other receivables<br>(317 000✓ + 7 300✓ + 19 200✓✓ - 5 570✓)  | <input checked="" type="checkbox"/>                                     | 337 930<br>one part correct |
| Cash and cash equivalents<br>(3000 ✓ + 10 500✓ + 35 000✓ see financial assets)  | <input checked="" type="checkbox"/>                                     | 48 500<br>one part correct  |
| <b>Total assets</b> Operation   | <input checked="" type="checkbox"/>                                     | 2 329 250                   |
| <b>Equity and liabilities</b>   |   |                             |
| <b>Ordinary Shareholders' Equity</b> Total equity & liabilities - non CL - CL   | <input checked="" type="checkbox"/>                                     | 1 574 750                   |
| <b>Ordinary Share capital</b>   |   | 650 000                     |
| Retained income SE-OSC  | <input checked="" type="checkbox"/>                                     | 924 750                     |
| <b>Non-current liabilities</b>  |   | 195 000                     |
| <b>Mortgage loan: Metro Bank</b><br>(250 000 ✓ - 55 000✓)   | <input checked="" type="checkbox"/>                                     | 195 000<br>one part correct |
| <b>Current liabilities</b>  |   | 559 500                     |
| <b>Trade and other payables</b><br>(239 800✓ + 6 600✓ + 6 300✓✓ + 10 000✓ - 5 570✓✓)  | <input checked="" type="checkbox"/>                                     | 257 130<br>one part correct |
| Shareholders for dividends (100 000✓ x 0,22✓)   | <input checked="" type="checkbox"/>                                     | 22 000<br>one part correct  |
| Current Portion of Loan See mortgage loan   | <input checked="" type="checkbox"/>                                     | 55 000                      |
| Bank Overdraft balancing figure   | <input checked="" type="checkbox"/>                                     | 225 370                     |
| <b>Total equity and liabilities</b> See TA  | <input checked="" type="checkbox"/>                                     | 2 329 250                   |

|   |
|---|
| <p><b>2.2 Explain why the shareholders have been given this responsibility. (2)</b></p> <p>✓✓</p> <ul style="list-style-type: none"> <li>• The shareholders have entrusted directors with their investments</li> <li>• There are many shareholders and they cannot all run the company</li> <li>• Separation from ownership and control</li> </ul> <p><b>Accept any relevant answer</b></p> |
|---|

|  |
|--|
| <p><b>2.3 If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain ONE point and give a reason (4)</b></p> <p>Two marks for a factor     <i>Stanmorephysics.com</i>     Two marks for a reason</p> |
|--|

| Characteristics or factors  | Reason   |
|---|--|
| <p>Integrity/ honesty/ moral/ set good example/ ethics etc. ✓✓</p> <p><b>Accept any relevant response</b></p> | <p>Shareholders have entrusted their investment to the directors ✓✓</p> <p><b>Accept any relevant response</b></p> |

|    |
|----|
| 06 |
|----|

|                    |
|--------------------|
| <b>TOTAL MARKS</b> |
| 100                |