



# education

DEPARTMENT: EDUCATION  
MPUMALANGA PROVINCE

## NATIONAL SENIOR CERTIFICATE

**ACCOUNTING**

**CONTROL TEST**

**2025 TERM 1**

**GRADE 12**

Stanmorephysics.com

**MARKS: 100**

**TIME : 80 minutes**

**This question paper consists of 9 pages and a 6-page answer book.**

## 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. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Use the information in the 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	35	28
2	Statement of Financial Position	25	20
2	Cash Flow Statement and Financial Indicators	30	24
3	Corporate Governance	10	8
<b>TOTAL</b>		<b>100</b>	<b>80</b>

## QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME

(35 marks; 28 minutes)

The information relates to Tuscany Ltd for the financial year ended 28 February 2025.

### REQUIRED:

- 1.1 Complete the Statement of Comprehensive Income for the year ended 28 February 2025.


(35)

**NOTE:** Some amounts are provided in the ANSWER BOOK.

### INFORMATION:

#### A. Balances/totals, among others, that appeared in the books on:

	28 Feb. 2025 R	29 Feb. 2024 R
Mortgage loan: Forbes Bank	744 100	987 700
Equipment at cost	852 000	852 000
Accumulated depreciation on equipment	472 500	344 700
Vehicles at cost	?	1 000 000
Accumulated depreciation on vehicles	?	420 000
Trading stock	654 500	
Debtors' control	592 200	
Provision for bad debt	?	29 520
SARS: Income tax (provisional tax payments)	340 000	
Sales	?	
Cost of sales	4 780 900	
Audit fees	79 000	
Service fee income	1 757 700	
Sundry operating expenses	119 900	
Bad debts	24 780	
Packing material	66 550	
Salaries and wages (including contributions)	1 425 600	
Insurance	94 080	
Rent income	156 960	
Interest income	?	
Directors' fees	?	
Interest on loan	149 400	
Dividends on ordinary shares	250 000	

- 
- (i) The company maintains a mark-up of 60% on cost. Goods costing R115 000 (already included in cost of sales) were sold at a discount price of R23 000 to internal employees.
  - (ii) Physical stocktaking on 28 February 2025 revealed the following:
    - Trading stock, R657 100
    - Packing material on hand, R7 850.
  - (iii) Provision for bad debts must be adjusted to 5% of the outstanding debtors.
  - (iv) Monthly insurance premiums were fixed for the past three years and were paid up to 30 April 2025.
  - (v) A tenant is renting an office from Tuscany Ltd. Rent for this office has been received up until 30 April 2025. Rent was increase by 8% on 1 December 2024 on the office rented.
  - (vi) One employee was omitted from the Salaries Journal of February 2025. His gross monthly salary was R33 600 The employer contributes 10% of his gross salary on behalf of employees towards pension.
  - (vii) The company had two directors who received a combined annual fee of R1 062 400 after their monthly fees were increased by R5 600 each on 1 August 2024. A third director joined the company on 1 October 2024 and received the same monthly fee as the other directors, excluding the increase of R5 600 per month.
  - (viii) Net profit after tax, R966 000, was calculated after taking into account all the adjustments above. Income tax is calculated at 30% of the net profit.

**QUESTION 2 STATEMENT OF FINANCIAL POSITION (25 marks; 20 minutes)**

**GLOBAL LTD**

The information relates to the financial year ended 31 March 2024.

**REQUIRED:**

2.1 Complete the Statement of Financial Position on 31 March 2024. (Show workings.) (25)

**INFORMATION:**

**A. Amounts extracted from the books on 31 March:**

<b>BALANCE SHEET ACCOUNTS</b>	<b>2024 R</b>	<b>2023 R</b>
Ordinary share capital	7 980 000	4 800 000
Retained income	1 110 450	1 181 250
Mortgage loan: UN Bank	2 508 000	3 150 000
Fixed assets at carrying value	11 458 500	
Trading stock (balancing figure)	?	
Net trade debtors	913 500	
Bank (favourable)	454 000	
Creditors' control	1 383 000	
SARS: Income tax (provisional)	972 000	
Income received in advance	32 000	
Shareholders for dividends	889 200	752 000
<b>Nominal accounts (pre-adjustment amounts)</b>		
Commission income	29 920	

**B. Share capital:**

<b>DATE</b>	<b>INFORMATION</b>
1 April 2023	800 000 ordinary shares in issue
31 May 2023	400 000 ordinary shares issued @ R3 600 000
1 October 2023	60 000 ordinary shares repurchased <ul style="list-style-type: none"> <li>Average share price, R7,00</li> <li>Repurchase price per share, R10,80</li> </ul>

**C. Dividends:**

- Final dividends were declared, R889 200.

**D. Mortgage loan: UN Bank**

- Fixed monthly repayments (including interest) have been made and correctly recorded.
- Interest of R258 000 has not been recorded by the business yet.
- The capital repayment will remain the same over the next financial year.

**E.** The decrease in the provision for bad debts, R2 500, was not recorded.

**F.** Commission income for March 2024, R41 900, was still outstanding.

**G. Net profit after tax and income tax:**

- The correct net profit after tax **after all adjustments** is R2 534 400.
- Income tax for the year amounted to R985 600.

**QUESTION 3: CASH FLOW STATEMENT AND FINANCIAL INDICATORS**  
(30 marks; 24 minutes)

The information relates to Elizabeth Ltd for the financial year ended 28 February 2025.

**REQUIRED:**

- 3.1 Prepare the Ordinary Share Capital Note for the year ended 28 February 2025. (7)
- 3.2 Prepare the Retained Income Note for the year ended 28 February 2025. (7)
- 3.3 Complete the Cash Flow Statement for the year ended 28 February 2025. (12)
- 3.4 Calculate the following financial indicator for the year ended 28 February 2025: (4)
  - Net asset value per share

**INFORMATION:**

- A. Extract from the Statement of Comprehensive Income for the year ended 28 February 2025.**

	<b>R</b>
Sales	8 240 600
Cost of sales	5 060 000
Gross operating income	3 020 480
Operating expenses	1 360 950
Operating profit	1 659 530
Net profit before tax	1 540 000
Income tax	462 000

- B. Extract from the Statement of Financial Position on:**

	<b>28 Feb. 2025</b>	<b>29 Feb. 2024</b>
	<b>R</b>	<b>R</b>
Cash and cash equivalents	?	36 000
Trading stock	174 000	193 000
SARS: Income tax	66 650 <b>Cr</b>	44 675 <b>Dr</b>
Ordinary shareholders' equity	?	8 733 720
Ordinary share capital	?	8 160 000
Retained income	?	573 720
Loan: ABSA Bank	5 440 000	?
Shareholders for dividends	?	?
Bank overdraft	0	142 680

**C. Share capital:**

- On 1 March 2024, there were 1 200 000 shares in issue.
- 400 000 shares were issued at R10 per share on 30 June 2024.
- On 30 November 2024, 34 000 shares were repurchased at R1,90 (per share) above the average share price.

**D. Dividends and dividend pay-out rate:**

- Dividends paid and declared:

DIVIDENDS			
Final	28 February 2024	Paid	16 cents per share
Interim	1 September 2024	Paid	26 cents per share
Final	28 February 2025	Declared	?

- Total dividends paid and declared for the year ended 28 February 2025, R744 860.

**F. Net change in cash and cash equivalents for the year was an inflow of R629 640.**

**QUESTION 4: CORPORATE GOVERNANCE**

**(10 marks; 8 minutes)**

You are provided with an extract of the independent external audit report of Makiva Ltd, presented to the shareholders at the Annual General Meeting.

**REQUIRED:**

**NOTE:** In your answers, do NOT repeat your responses in the different questions.

- 4.1 Explain the role of an internal auditor. Provide ONE point. (2)
- 4.2 Choose the correct word from those in brackets. Write the answer in the ANSWER BOOK and explain your choice. (4)
- Makiva Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.
- 4.3 What kind of audit evidence does the independent external auditor examine to verify the correctness of the company financial records? Provide TWO points. (4)

**INFORMATION:**

**Extract from the independent external auditor's report on the financial statements of Makiva Ltd:**

**Audit Opinion:**

In our opinion the financial statements present fairly, in all material respects except the trading stock losses, the financial position of the company as at 28 February 2025 ...

**Basis for Audit Opinion:**

... no reason was provided for the significant stock losses.

**10**

**GRAND TOTAL: 150**

## 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 & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<b>NOTE:</b> <ol style="list-style-type: none"> <li>1. Trading stock at the end of a financial year may be used if required in a question.</li> <li>2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant).</li> <li>3. 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.</li> </ol>	

NSC

NAME OF SCHOOL



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NAME OF CANDIDATE

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CLASS

DATE


ACCOUNTING

GRADE 12

2025

CONTROLLED TEST

SPECIAL ANSWER BOOK

Stanmorephysics.com

QUESTION	MARKS	HOD	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 6 pages

**QUESTION 1****1.1 Statement of Comprehensive Income for the year ended 28 February 2025**

<b>Sales</b>	
<b>Cost of sales</b>	<b>(4 780 900)</b>
<b>Gross profit</b>	
<b>Other income</b>	
<b>Service fee income</b>	<b>1 757 700</b>
<b>Profit on sale of asset</b>	<b>3 900</b>
<b>Gross operating income</b>	
<b>Operating expenses</b>	
<b>Audit fees</b>	<b>79 000</b>
<b>Sundry operating expenses</b>	<b>119 900</b>
<b>Bad debts</b>	<b>24 780</b>
<b>Depreciation</b>	<b>309 160</b>
<b>Operating profit</b>	
<b>Interest income</b>	
<b>Profit before interest expense</b>	
<b>Interest expense</b>	<b>(149 400)</b>
<b>Net profit before tax</b>	
<b>Income tax</b>	
<b>Net profit after tax</b>	<b>966 000</b>

35

**TOTAL MARKS**

35

## 2.1 STATEMENT OF FINANCIAL POSITION ON 31 MARCH 2024

<b>ASSETS</b>	
<b>Non-current assets</b>	<b>11 458 500</b>
<b>Fixed assets at carrying value</b>	<b>11 458 500</b>
<b>Current assets</b>	
<b>Inventories</b>	
<b>Cash and cash equivalents</b>	<b>454 000</b>
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>Ordinary shareholders 'equity</b>	
<b>Non-current liabilities</b>	
<b>Current liabilities</b>	
<b>Trade and other payables</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	

25

TOTAL MARKS

25

**QUESTION 3****EYBERS LTD****3.1 ORDINARY SHARE CAPITAL NOTE – 28 FEBRUARY 2025**

1 200 000	Share in issue at the beginning	8 160 000	
	Additional shares issued		
	Repurchase of shares		
	Shares in issue at the end of year		
			7

**3.2 RETAINED INCOME NOTE FOR THE YEAR ENDED 28 FEBRUARY 2025**

Balance at the beginning of the year	573 720	
Ordinary share dividends	(744 860)	
Balance at the end of the year		7

## 3.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2025

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash generated from operations	
Interest paid	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from shares issued	
Change in Loan	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>629 640</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	

12

3.4 Calculate the following financial indicator for the year ended 28 February 2025:

<b>NET ASSET VALUE</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

4

TOTAL MARKS

30

**QUESTION 4**

4.1 Explain the role of an independent internal auditor. Provide ONE point.

2

4.2 Choose the correct word from those in brackets. Write the answer and explain your choice.

Makiva Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.

AUDIT REPORT	EXPLANATION

4

3.3 What kind of audit evidence does the independent external auditor examine to verify the correctness of the company financial records? Provide TWO points.

4

TOTAL MARKS
10

**TOTAL: 100**



education

**MPUMALANGA PROVINCE**  
**REPUBLIC OF SOUTH AFRICA**

**GRADE 12**

**ACCOUNTING**

**2025**

**CONTROLLED TEST – TERM 1**

**MARKS: 100**

**MARKING PRINCIPLES:**

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that 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. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
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, marker must inspect reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, + as per candidate's calculation (if valid) or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped — this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a E.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

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

## QUESTION 1

## 1.1 Statement of Comprehensive Income for the year ended 28 February 2025

<b>Sales</b> <small>7 649 440</small> [4 780 900 x 160/100] ✓ – 23 000 ✓		7 626 440 ✓ (Must subtract to earn m mark)
<b>Cost of sales</b>		<b>4 780 900</b>
<b>Gross profit</b>	Sales-CoS 4	2 845 540 ✓
<b>Other income</b>	operation 1	1 897 616 ✓
<b>Service fee income</b>		<b>1 757 700</b>
<b>Profit on sale of asset</b>		<b>3 900</b>
Rent income [11 772 x 2] 156 960 ✓ – 23 544 ✓✓	4	133 416 ✓*
Trading stock surplus (654 500 – 657 100)	2	2 600 ✓✓*
<b>Gross operating income</b>	GP + OI 1	4 743 156 ✓
<b>Operating expenses</b>	operation 1	(3 402 230) ✓
<b>Audit fees</b>		<b>79 000</b>
<b>Sundry operating expenses</b>		<b>119 900</b>
<b>Bad debts</b>		<b>24 780</b>
<b>Depreciation</b>		<b>309 160</b>
Packing material (66 500 – 7 850)	2	58 700 ✓✓
<u>Provision for bad debts adjustment #</u> (592 200 x 5% = 29 610 – 29 520)	2	90 ✓✓
Insurance [94 080 x 2/14] OR [6 720 x 2] 94 080 ✓ – 13 440 ✓✓ OR 94 080 x 12/14	4	80 640 ✓*
Salaries and Wages 1 425 600 ✓ + 33 600 ✓ + 3 360 ✓ (GS x 10%)	4	1 462 560 ✓*
Directors fees (Before increase 1 062 400 – 78 400 increase) ÷ 24 [41 000 per director x 5 months] 1 062 400 ✓ + 205 000 ✓✓	4	1 267 400 ✓*
<b>Operating profit</b>	GOI – OE 1	1 340 926 ✓
<b>Interest income</b>	balancing figure (check operation) 1	188 474 ✓
<b>Profit before interest expense</b>	NPBT + Int. expense 1	1 529 400 ✓
<b>Interest expense</b>		<b>(149 400)</b>
<b>Net profit before tax</b>	NPAT + IT 1	1 380 000 ✓
<b>Income tax</b>	ignore brackets 2	(414 000) ✓✓
<b>Net profit after tax</b>		<b>966 000</b>

-1 foreign items (max -2) i.e SFP items; -1 presentation (max -1). \*one part correct

# Prov. for bd adjust should be shown as an expense / \$ Trading stock surplus should be shown as an income /

When awarding method marks, refer to Principle 10; follow the candidate's operation.

Misplaced items marked wrong

## 2.1 STATEMENT OF FINANCIAL POSITION ON 31 MARCH 2024

<b>ASSETS</b>	
<b>Non-current assets</b>	<b>11 458 500</b>
<b>Fixed assets at carrying value</b>	<b>11 458 500</b>
<b>Current assets</b>	TA – 11 458 500
<b>Inventories</b>	balancing figure
Trade and other receivables (913 500✓ + 2 500✓ + 41 900✓)	2 715 750 ✓
	1 303 850 ✓
	957 900 ✓*
<b>Cash and cash equivalents</b>	<b>454 000</b>
<b>TOTAL ASSETS</b>	see total equity + liabilities
	14 174 250 ✓
<b>EQUITY AND LIABILITIES</b>	
<b>Ordinary shareholders' equity</b>	operation
Ordinary share capital	9 090 450 ✓
	7 980 000 ✓
Retained Income	1 110 450 ✓
<b>Non-current liabilities</b>	2 382 000
Mortgage loan: UN Bank (2 508 000✓ + 258 000✓ – 384 000✓✓✓) (642 000 two marks – 258 000 one mark)	2 382 000 ✓*
<b>Current liabilities</b>	2 701 800 ✓*
<b>Trade and other payables*</b> (1 318 000✓ + 32 000✓)	1 415 000 ✓*
Shareholders for dividends	889 200 ✓
SARS: Income tax (985 600 – 972 000)	13 600 ✓✓
Current portion of loan	see NCL above
	384 000 ✓
<b>TOTAL EQUITY AND LIABILITIES</b>	operation
	14 174 250 ✓

\* One part correct

## QUESTION 3

## ELIZABETH LTD

## 3.1 ORDINARY SHARE CAPITAL NOTE – 28 FEBRUARY 2025

1 200 000	Share in issue at the beginning	8 160 000
400 000 ✓	Additional shares issued	4 000 000 ✓
(34 000) ✓	Repurchase of shares @ avg price R7,60✓	(258 400) ✓
1 566 000 ✓	Shares in issue at the end of year	11 901 600 ✓

7

## 3.2 RETAINED INCOME NOTE FOR THE YEAR ENDED 28 FEBRUARY 2025

Balance at the beginning of the year	573 720
Net profit after tax (1 540 000 – 462 000)	1 078 000 ✓
Repurchase of shares (34 000 x R1,90)	(64 600) ✓✓
Ordinary share dividends	(744 860)
Interim – paid (1 600 000 x 0,26)	416 000 ✓✓
Final – declared (744 860 – 416 000)	328 860 ✓
Balance at the end of the year	842 260 ✓

7

## 3.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2025

\* One part correct

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash generated from operations	
Interest paid	
# Taxation paid (-44 675 ✓ + 462 000 ✓ - 66 650 ✓) OR (44 675 - 462 000 + 66 650)	(350 675) ✓*
# Dividends paid (1 200 000 x 0,16) 192 000 ✓ + 416 000 ✓ (see 3.1)	(608 000) ✓* 7
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from shares issued	
Repurchase of shares (7,60 + 1,90 = 9,50 x 34 000) OR (34 000 x 7.60 258 400 ✓*) + (34 000 x 1,90 = 64 600 ✓*) refer refer 3	(323 000) ✓* (Both figures added)
Change in Loan	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>629 640</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	(106 680) ✓ Must be in ( )
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> 2	522 960 ✓ operation

12

## 3.4 Calculate the following financial indicator for the year ended 28 February 2025:

## NET ASSET VALUE

WORKINGS	ANSWER
See 3.1 & 3.2 $\frac{11\,901\,600 \checkmark + 842\,260 \checkmark}{1\,566\,000 \checkmark} \times 100$ $= \frac{12\,743\,860}{1\,566\,000} \times 100 = 822,03c$	813,78c ✓* OR R8,14 * One part correct

4

## TOTAL MARKS

30

**QUESTION 4****4.1 Explain the role of an internal auditor. Provide ONE point.**

- Internal auditors generally do not perform a single comprehensive annual audit, but rather conduct a number of smaller focused internal audits throughout the year.
  - Internal auditors generate reports for the use of management.
  - They are also responsible for the internal control procedures of an organization and prevention of fraud.
  - They assess a company's IT (Information Technology) and/or business processes.
  - Assess the company's risks and the efficiency of its risk management efforts.
  - Ensure that the organization is complying with relevant laws and policies.
  - Evaluate internal control processes and make recommendations on how to improve.
- Any ONE – 2 marks**

2

**4.2 Choose the correct word from those in brackets. Write the answer and explain your choice.**

Makiva Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.

AUDIT REPORT	EXPLANATION
Qualified ✓✓	Any suitable relevant response ✓✓ "Except" Problem with the stock losses "no reason was provided for the significant stock losses."

4

**4.3 What kind of audit evidence does the independent external auditor examine to verify the correctness of the company financial records? Provide TWO points.**

Any suitable relevant TWO responses ✓✓ ✓✓

Asset registers /Stock registers

Source documents – Invoices, Receipts, EFT's, etc.

Physical check

Monthly reports

4

**TOTAL MARKS**

10

**TOTAL: 100**