Western Cape Government

Western Cape Education Department
Curriculum (FET)

# REVISION 2026
# Term 1

# ACCOUNTING

# Grade 12

# ANSWER BOOK



## ACTIVITY 1 (Buy Back of shares: Calculations, Ledger & Notes to Fin Statements)

**(30 marks; 20 min)**

### 1.1 1 March 2025

| Calculations | Workings | Answer |
|---|---|---|
| Average Share price | | |
| Net Asset Value per share | | |

**(4)**

### 1.2 1 June 2025

| Calculations | Ordinary Share Capital portion | Retained Income portion | Buy Back price |
|---|---|---|---|
| Price per share | | | |
| For 100 000 shares | | | R800 000 |

**(4)**

### 1.3 28 February 2026

| Calculations | Workings | Answer |
|---|---|---|
| Average Share price | | |
| Net Asset Value per share | | |

**(4)**

### 1.4 Complete the ledger accounts for the year ending 28 February 2026:

**ORDINARY SHARE CAPITAL**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2025 Mar 1 | Balance | b/d | 4 500 000 |
| | | | | | | | |
| | | | | | | | (2) |

**RETAINED INCOME**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | 2025 Mar 1 | Balance | b/d | 1 200 000 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | (5) |

**BANK**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2025 Mar 1 | Balance | b/d | 1 100 000 | | | | |
| | | | | | | | |
| | | | | | | | (2) |

**APPROPRIATION ACCOUNT**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | **(5)** |

| **1.4 Retained Income** | |
|---|---|
| **Balance at beginning of year (1 March 2025)** | **1 200 000** |
| | |
| | |
| | |
| **Balance at end of year (28 Feb 2026)** | |

**(4)**

**TOTAL: 30**

**ACTIVITY 2: (50; 40 min)**

| **2.1** | **Account Dr** | **Account Cr** | **A** | **O** | **L** |
|---|---|---|---|---|---|
| **E.G.** | ***Directors' fees*** | ***Accrued Expenses*** | ***0*** | ***- 15 000*** | ***+15 000*** |
| **1** | | | | | |
| **2** | | | | | |
| **3** | | | | | |
| **4** | | | | | |
| **5a** | | | | | |
| **5b** | | | | | |
| | (6) | (6) | (9) | | **(21)** |

## 2.2 ORDINARY SHARE CAPITAL

| | | | |
|---|---|---|---|
| **AUTHORISED** | | | |
| | | | |
| **ISSUED** | | | |
| | | | |
| | | | |
| | | | |
| | | | **10** |

**RETAINED INCOME**

| | | |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | **10** |

**2.3** **The directors are not sure whether the price of the new shares issued on 1 November 2025 was appropriate or not. Calculate the net asset value (NAV) per share on 28 February 2026. (4)**

**In your opinion were the directors correct in issuing shares at R6,50 per share? Bear in mind that the NAV per share for the 2025 financial year was 600 cents. Provide TWO reasons for your answer. (5)**

**TOTAL: 40**

## ACTIVITY 3: SARS (income tax) (16; 12 min)

**3.1** Supply a reason for the debit entry on 25 March 2024. **2**

**3.2** Give a possible transaction for the debit entry on 31 August 2024. **2**

**3.3** What was the total income tax expense for the current financial year? **2**

**3.4** Calculate the balance of SARS (income tax) on 28 February 2025. Show your workings. **5**

**3.5** Refer to the balance calculated in Question 3.4 above. Indicate whether this amount is a Current Asset or a Current Liability. **1**

**3.6**

| Account debited | Account credited | Amount | A | O | L |
|---|---|---|---|---|---|
| | | | | | |

**4**

**TOTAL: 16**

**ACTIVITY 4** **(Adjustments and Fin Statements for the year ended 30 June 2026)**

| | Adjustment | Statement of Comprehensive Income (Income Statement) | | Statement of Fin. position (Balance Sheet) | |
|---|---|---|---|---|---|
| | | **Section & Item** | **Calculation & Amount** | **Section & Item** | **Calculation & Amount** |
| *E.g.* | *W&L for June not paid yet* | *Operating Expenses Water& Lights* | *R1 200* | *Current Liabilities Accrued Expenses* | *R1 200* |
| **1.** | Defective stock costing R6 000 was returned to the manufacturers. A physical count at year-end revealed stock on hand to be R427 000. | | | | |
| **2.1** | Further bad debts of R4 000 are to be written off. | | | | |
| **2.2** | The provision for bad debts is to be adjusted to R6 080. | | | | |
| **3.** | The advertising contract has been paid for 13 months | | | | |
| **4.** | The tenant has paid two months' rent in advance. | | | | |
| **5.** | R8 000 is still owed to the auditors | | | | |
| **6.1** | Provide for interest on the mortgage loan from the South Bank at 15% p.a. for the month of June 2026. interest on the loan is capitalised. | | | | |
| **6.2** | Capital repayments on the loan of R4 200 per month (excluding interest) will be paid in the next financial year. | | | | |

| | Adjustment | Statement of Comprehensive Income (Income Statement) | | Statement of Fin. position (Balance Sheet) | |
|---|---|---|---|---|---|
| | | Section & Item | Calculation & Amount | Section & Item | Calculation & Amount |
| **7.** | Details of Sundry expense items at year-end:<br>• Stationery on hand estimated, R800;<br>• Packing materials counted, R1600 | | | | |
| | | | | | |
| **8.** | The insurance policy was taken out on 1 September 2025 at a monthly premium of R2 420. | | | | |
| **9.1** | New Equipment was purchased on 1 January 2026 and properly entered, R26 000. | | | | |
| **9.2** | Equipment is to be depreciated at 10% p.a. on the diminishing balance method. | | | | |
| **10.** | Repairs costing R22 000 were incorrectly debited to the Land and buildings account. | | | | |
| **11.** | 150 000 new shares were issued on 1 July 2025 at 220c per share and correctly entered | | | | |
| **12.** | R4 600 is owed to SARS in respect of income tax. | | | | |
| **13.** | The directors recommended a final dividend of 10c per share | | | | |

## ACTIVITY 5 (Financial Statements) (follow on Activity 4)

### 5.1 TONI LTD
### STATEMENT of COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

| | R |
|---|---|
| **Gross Profit** | |
| **Other operating income** | |
| **Discount received** | **1 530** |
| | |
| | |
| **Gross operating income** | |
| **Operating expenses** | |
| **Salaries and wages** | **307 300** |
| **Directors' fees** | **120 500** |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Operating profit** | |
| | |
| **Profit before interest expense** | |
| | |
| **Net Profit before tax** | |
| **Income tax** | |
| **Net profit after tax** | **277 500** |

**(40)**

## 5.2 TONI LTD: Notes to Financial Statements on 30 June 2026

| FIXED / TANGIBLE ASSETS | LAND & BUILDINGS | EQUIPMENT | TOTAL |
|---|---|---|---|
| **CARRYING VALUE (beginning of year)** | | | |
| **Cost** | | | |
| **Accumulated Depreciation** | | | |
| **Movements:** | | | |
| Additions at cost | | | |
| Disposals at Carrying value | | | |
| Depreciation | | | |
| **CARRYING VALUE (end of year)** | | | |
| **Cost** | | | |
| **Accumulated Depreciation** | | | |

**(14)**

## 5.3 Trade and other receivables

| | |
|---|---|
| **Net trade debtors** | |
| **Trade debtors** | |
| | |
| | |
| | **76 460** |

**(8)**

## 5.4 STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2026 (EQUITY SECTION)

| | |
|---|---|
| **EQUITY AND LIABILITIES** | |
| **SHAREHOLDERS' EQUITY** | |
| | |
| | |
| **NON-CURRENT LIABILITIES** | |
| | |

**(10)**

## ACTIVITY 6 (Statement of Financial Position [Balance sheet] - format)

Fill in the missing amounts to complete the Statement of Financial Position.

**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2026**

| **ASSETS** | Notes | |
|---|---|---|
| **NON-CURRENT ASSETS** | | **4 980 000** |
| | 3 | 0 |
| | | **160 000** |
| **CURRENT ASSETS** | | **1 820 000** |
| | 4 | **956 000** |
| | 5 | |
| | 6 | **2 500** |
| **TOTAL ASSETS** | | |
| **EQUITY AND LIABILITIES** | | |
| **SHAREHOLDERS' EQUITY** | | |
| | 7 | |
| Retained income | 8 | **218 200** |
| | | |
| **NON-CURRENT LIABILITIES** | | |
| **Mortgage Loan (740 000** | | |
| | | |
| **CURRENT LIABILITIES** | | **921 800** |
| | 9 | |
| Bank overdraft | | **45 300** |
| Current portion of loan | | **148 000** |
| | | **6 800 000** |

## ACTIVITY 7 (Statement of Financial Position - Notes) (40; 35 min)

| 7.1 FIXED/TANGIBLE ASSETS | Land and Building | Vehicles | Equipment | Total |
|---|---|---|---|---|
| Carrying value beginning of the year | | | | |
| Cost | | | | |
| Accumulated depreciation | | | | |
| **Movement** | | | | |
| Additions | **1 000 000** | | | |
| | | | | |
| | | | | |
| Carrying value at the end of the year | | | | |
| Cost | | | | |
| Accumulated depreciation | | | | |

**(25)**

### 7.2 ORDINARY SHARE CAPITAL

| **AUTHORISED** | | |
|---|---|---|
| | | |
| **ISSUED** | | |
| **2 500 000** | **ordinary shares in issue on 1 March 2024** | |
| | | |
| | | |
| | **ordinary shares in issue on 28 February 2025** | |

**8**

## 7.3 TRADE AND OTHER PAYABLES

| | | |
|---|---|---|
| **Trade creditors** | **393 400** | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | **846 250** | **7** |

**ACTIVITY 8 ('SFP + notes)** **(50 marks; 40 minutes)**

### 8.1 RETAINED INCOME NOTE

| | | |
|---|---|---|
| **Balance at the beginning of the year** | **345 000** | |
| | | |
| | | |
| | | |
| **Interim dividend** | **240 000** | |
| | | |
| **Balance at the end of the year** | | **10** |

## 8.2 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2025

| | |
|---|---|
| **ASSETS** | |
| **Non-current assets** | |
| | |
| | |
| **Current assets** | |
| | |
| | |
| | |
| **TOTAL ASSETS** | |
| **EQUITY AND LIABILITIES** | |
| **Shareholder's equity** | |
| | |
| | |
| **Non-current liabilities** | |
| **Loan: Vida Bank (750 000** | |
| **Current liabilities** | |
| | |
| | |
| | |
| **TOTAL EQUITY AND LIABILITIES** | |

| |
|---|
| |
| **40** |

## AUDIT REPORTS

### ACTIVITY 9 (Audit Reports - concepts)

9.1 Choose the audit opinion from COLUMN B that best describes the audit report in COLUMN A. Write the letter ( A – C) in the Answer column.

| | COLUMN A | COLUMN B (opinion) | | Answer |
|---|---|---|---|---|
| **9.1.1** | Qualified audit report | **A** | In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Shabba Ltd as at 28 February 2023. | |
| **9.1.2** | Unqualified audit report | **B** | We have not been able to obtain sufficient audit evidence to provide for an audit opinion. Accordingly, we do not express an opinion on the financial statements of Khothule Ltd for the year ended 28 February 2023. | |
| **9.1.3** | Disclaimer report | **C** | In our opinion, except for the effect of the unauthorised interest-free loan to the Chief Executive Officer, the annual financial statements present fairly, in all material respects, the financial position of Dai Ltd. | |

**9.2 Complete the following sentences in Column A by choosing the correct concepts from Column B. Write only the letter (A – F) in the Answer column.**

| COLUMN A | | COLUMN B | | ANSWER |
|---|---|---|---|---|
| **9.2.1** | The ……. expresses an opinion on whether the financial statements are correct and is a fair reflection of the company's financial results | **A** | International Financial Reporting Standards (IFRS) | |
| **9.2.2** | The…….set guidelines for the preparation of financial statements of companies to ensure a degree of consistency | **B** | SARS report | |
| **9.2.3** | The…….comments on the financial position and the current status of the company. | **C** | Audit sampling | |
| **9.2.4** | …….is when auditors choose certain items to audit from all the available financial information. | **D** | Director's report | |
| | | **E** | Independent audit report | |

**9.3 Read the extract from the independent audit report of Sumba Ltd and answer the questions that follow:**

**EXTRACT FROM THE AUDIT REPORT OF SUMBA LTD**

We found that internal control procedures were not adhered to and documentation did not exist for a significant portion of the transactions tested.
Because of the significance of the matter described in the previous paragraph, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion.
Accordingly, we do not express an opinion on the financial statements for the year ended 28 February 2025.

**9.3.1 Explain why the Companies Act makes it a requirement for public companies to be audited by an independent auditor. Give ONE reason.**

**9.3.2 The audit report is an example of a/an (qualified/unqualified/disclaimer of opinion) audit report.**

**9.3.3 Who is the audit report addressed to? Give ONE reason for your answer.**

**9.3.4 Explain why it is likely that this audit report will have a negative effect on the value of the shares of this company on the JSE.**

## ACTIVITY 10 (Basic knowledge of the activities in the CFS)

Complete the following table. Tick in the correct column. The first one has been done for you.

| | Description of transaction | Operating activity | Investing activity | Financing activity |
|---|---|---|---|---|
| **1** | **Buy goods on credit** | ✓ | | |
| 2 | Sell goods to a debtor | | | |
| 3 | Debtor settles his account | | | |
| 4 | Company raises funds by issuing new shares | | | |
| 5 | Place surplus funds in a fixed deposit | | | |
| 6 | Purchase more fixed assets | | | |
| 7 | Pay a creditor | | | |
| 8 | Raise a loan from a bank | | | |
| 9 | Repay part of the loan | | | |
| 10 | Pay salaries | | | |
| 11 | Pay income tax | | | |
| 12 | Withdraw funds from a fixed deposit when it matures | | | |
| 13 | Receive fee income for services rendered | | | |
| 14 | Sell fixed assets that are not needed | | | |
| 15 | Company buys back shares from an existing shareholder | | | |

## ACTIVITY 11 (Cash Flow Statement)

**11.1** **What is the main purpose of a Cash Flow Statement?**

**(2)**

**11.2** **Calculate the missing amounts (indicated by a, b, c and d) in the Fixed/Tangible Asset note for the year ended 31 October 2025.**

| | Workings | Amount | |
|---|---|---|---|
| **a** | | | (2) |
| **b** | | | (2) |
| **c** | | | (3) |
| **d** | | | (3) |

(10)

**11.3 BARBIE LTD**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2025**

| | |
|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | |
| **Cash generated from operations** | **1 985 500** |
| **Interest paid** | **(175 500)** |
| **Taxation paid** | |
| **Dividends paid** | |
| | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | |
| **Fixed assets purchased** | |
| **Proceeds from sale of fixed assets** (500 000 + 82 000) | |
| | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | |
| | |
| | |
| | |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | |

**40**

**11.4**

| **Decisions by directors** | **Reason to support John's opinion** | **Reason to support directors' decision** **(other than improving cash flow)** |
|---|---|---|
| **Issued more shares** | | |
| **Sold fixed assets** | | |

(4)

## ACTIVITY 12 (Cash Flow Statement; Appropriation account; calculation and interpretation of financial indicators)

### 12.1 RECONCILIATION BETWEEN NET PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS

| | |
|---|---|
| **Net profit before taxation** | **540 000** |
| **Adjustments in respect of:** | |
| | |
| | |
| **Operating profit before changes in working capital** | |
| Cash effects of changes in working capital | |
| Change in inventory | |
| Change in receivables | |
| Change in payables | |
| **Cash generated from operations** | **585 300** |

**COBRA LIMITED**
**CASH FLOW STATEMENT FOR YEAR ENDED 30 APRIL 2025**

| | |
|---|---|
| **Cash effects of operating activities** | |
| | |
| | |
| | |
| | |
| **Cash effects of investing activities** | |
| | |
| | |
| | |
| **Cash effects of financing activities** | |
| | |
| | |
| | |
| **Net change in cash & cash equivalents** | |
| **Cash & cash equivalents at beginning of year** | **105 000** |
| **Cash & cash equivalents at end of year** | **139 000** |

**12.2**

| GENERAL LEDGER OF COBRAH LIMITED<br>FINAL ACCOUNTS SECTION | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Dr** | | **APPROPRIATION ACCOUNT** | | | | | **Cr** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**12.3 Calculate the:** **ANSWER**

| | | |
|---|---|---|
| **(a)** | **Acid test ratio** | |
| **(b)** | **Stock turnover rate** | |
| **(c)** | **Debt equity ratio** | |
| **(d)** | **Net asset value per share** | |

| | | |
|---|---|---|
| **(e)** | **Return on shareholders' equity** | |

**12.4** **Explain why the shareholders will or will not be satisfied with the dividends, earnings and returns earned. Quote appropriate financial indicators to support your answer.**

**12.5** **Comment on the liquidity of the company. Quote and explain FOUR financial indicators to support your answer.**

**Fin. Indicators:**

**Overall comment:**

**12.6** **Comment on the financial gearing of the company. Explain and quote financial indicators to support your answer.**