



education

Department:
Education
PROVINCE OF KWAZULU-NATAL

ACCOUNTING

PAPER ONE

ANSWER BOOK

COMMON TEST - JUNE 2020

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE PROVINCE
1				
2				
3				
4				
TOTAL				

N.B. This answer book consists of 7 pages.

QUESTION 1

Choose the correct word from those given in brackets. Write only the word next to the Question number (1.1.1 – 1.1.4) in the ANSWER BOOK.

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2. Statement of Comprehensive Income for the year ended 31 May 2020.

Sales	
Cost of sales	
Gross profit	
Other operating income	
Gross income	
Operating expenses	
Audit fees	38 000
Insurance	55 000
Depreciation	65 000
Operating profit	
Interest income	72 000
Operating profit before interest expenses	
Net profit before taxation	
Net profit after tax	

36

TOTAL MARKS
40

QUESTION 2**2.1 Ordinary share capital note**

AUTHORISED SHARES		
300 000 Shares		
ISSUED SHARES:		

8

2.2 RECONCILIATION BETWEEN NET PROFIT BEFORE TAXATION AND CASH GENERATED FROM OPERATIONS

Net profit before tax (165 200 x 100/28)	590 000
Adjustment in respect of :	
Depreciation	16 645

10

2.3 Cash Flow Statement for the year ended 31 May 2020

Cash flow from operating activities	
Cash flow from investing activity	
Changes in financial assets	60 000
Cash flow from financing activities	
Changes in loan	(720 000)
Net change in cash and cash equivalent	888 300
Cash and cash equivalent at the beginning	(421 000)
Cash and cash equivalent at the end	467 300

20

2.4 Besides paying back the loan, the directors have taken other major decisions that have affected the cash balance. State TWO other major decisions (exceeding R200 000) and quote the figures from the Cash Flow Statement.

In EACH case, state how the decision will affect the future of the company.

DECISION	FUTURE EFFECT ON COMPANY

4

2.5 Debt/equity ratio

3

TOTAL MARKS
45

QUESTION 3

3.1.1	
3.1.2	
3.1.3	

3

3.2.1 RETAINED INCOME

7

3.2.2 Balance Sheet (Statement of Financial Position) on 30 April 2020.

Assets	
Non-current assets	
Tangible assets	4 079 800
Current assets	
Inventory	222 600
Equity and liabilities	
Shareholders' equity	
Non-current liabilities	
Current liabilities	

25

TOTAL MARKS
35

QUESTION 4

4.1.1 Calculate the amount of dividends Veli would earn for the financial year ended 29 February 2020. Shares repurchased do not qualify for final dividends.

3

4.1.2 Veli is not satisfied with the dividend policy of Wembezi Ltd. Explain why. Quote and compare relevant financial indicators to support his feelings.

4

4.1.3 Veli wants to sell his shares in Wembezi Ltd and invest his funds in an alternative investment. Quote and explain TWO relevant indicators, other than dividends and earnings, to support his intention.

4

4.1.4 Why would the company spend money on skills development? Explain ONE point.

2

4.1.5 Refer to Information A. How did the company benefit from this? Name ONE example and quote figures.

2

4.2.1 Comment on the liquidity position of the company. Quote THREE financial indicators (with figures) in your answer.

6

4.2.2 One of the directors feel that the loan should be paid as soon as possible. Do you agree? Explain. Quote TWO financial indicators with figures to support your answer.

5

4.2.3 The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion.

4

TOTAL MARKS
30