COMPLETE NSC EXAMPLAR QUESTION WALKTHROUGH

COMPANIES AND FINANCIAL STATEMENTS

Grade 12 Accounting

StudyPack Master Guide

CHAPTER OUTCOMES

After studying this chapter, you should be able to:

✓ Approach a full NSC company question

✓ Identify hidden marks

✓ Process adjustments correctly

✓ Prepare notes accurately

✓ Complete a Statement of Financial Position

✓ Think like an examiner

✓ Avoid costly mistakes

✓ Earn distinction-level marks

INTRODUCTION

In the previous chapters, we learned:

✓ Companies

✓ Share Capital

✓ Retained Income

✓ Financial Statements

✓ Adjustments

✓ Financial Indicators

✓ Exam Technique

Now it is time to put everything together.

This chapter teaches you how to answer a complete NSC-style Companies question from start to finish.

SECTION A

READING THE QUESTION

One of the biggest reasons learners lose marks is because they start calculating immediately.

WRONG APPROACH

Read Question

↓

Start Writing

↓

Make Mistakes

↓

Lose Marks

CORRECT APPROACH

Read Question

↓

Read Additional Information

↓

Highlight Adjustments

↓

Prepare Working Papers

↓

Complete Notes

↓

Prepare Statement

↓

Check Totals

STUDYPACK EXAM TIP

Never touch your calculator until you understand the question.

EXAMPLAR QUESTION

The following information relates to StudyPack Ltd.

SHARE INFORMATION

Authorised Shares:

5 000 000 ordinary shares

Issued Shares on 1 March 2025:

2 000 000 ordinary shares

DURING THE YEAR

300 000 shares were issued at R12 each.

100 000 shares were repurchased at R15 each.

PROFIT INFORMATION

Net Profit After Tax:

R2 400 000

DIVIDENDS

Interim Dividend:

R600 000

Final Dividend:

R900 000

ASSETS

Fixed Assets:

R12 000 000

Inventory:

R2 300 000

Debtors:

R1 200 000

Provision for Bad Debts:

R48 000

Bank:

R900 000

LIABILITIES

Mortgage Loan:

R4 000 000

Current Portion:

R500 000

Creditors:

R1 400 000

REQUIRED

1. Prepare the Ordinary Share Capital Note.
2. Calculate Retained Income.
3. Prepare the Shareholders' Equity Section.
4. Prepare the Statement of Financial Position.

SECTION B

STEP 1 – ORDINARY SHARE CAPITAL NOTE

NUMBER COLUMN

Shares at beginning

2 000 000

+

Shares issued

300 000

-

Shares repurchased

100 000

=

Shares at end

2 200 000

✓

EXAM TIP

Always complete the NUMBER column first.

AMOUNT COLUMN

Beginning Share Capital

2 000 000 × R10

=

R20 000 000

Shares Issued

300 000 × R12

=

R3 600 000

Repurchased Shares

100 000 × R15

=

R1 500 000

Closing Share Capital

R20 000 000

+

R3 600 000

-

R1 500 000

=

R22 100 000

✓

ORDINARY SHARE CAPITAL NOTE

DETAILS	NUMBER	AMOUNT
Shares at beginning	2 000 000	R20 000 000
Shares issued	300 000	R3 600 000
Shares repurchased	(100 000)	(R1 500 000)
Shares at end	2 200 000	R22 100 000

SECTION C

STEP 2 – RETAINED INCOME

FORMULA

Opening Retained Income

+

Net Profit After Tax

-

Dividends

=

Closing Retained Income

Assume:

Opening Retained Income

R5 000 000

Net Profit After Tax

R2 400 000

Total Dividends

R600 000

+

R900 000

=

R1 500 000

Retained Income

=

R5 000 000

+

R2 400 000

-

R1 500 000

=

R5 900 000

✓

EXAM TRAP

Do not deduct dividends twice.

SECTION D

SHAREHOLDERS' EQUITY

Ordinary Share Capital

R22 100 000

+

Retained Income

R5 900 000

=

Shareholders' Equity

R28 000 000

✓

SECTION E

PREPARING ASSETS

NON-CURRENT ASSETS

Fixed Assets

R12 000 000

CURRENT ASSETS

Inventory

R2 300 000

Trade Receivables

R1 200 000

-

R48 000

=

R1 152 000

Bank

R900 000

Total Current Assets

R4 352 000

✓

Total Assets

R16 352 000

✓

SECTION F

PREPARING LIABILITIES

NON-CURRENT LIABILITIES

Mortgage Loan

R4 000 000

-

R500 000

=

R3 500 000

✓

CURRENT LIABILITIES

Current Portion Loan

R500 000

Creditors

R1 400 000

Shareholders for Dividends

R900 000

Total Current Liabilities

R2 800 000

✓

SECTION G

FINAL STATEMENT OF FINANCIAL POSITION

STUDYPACK LTD

STATEMENT OF FINANCIAL POSITION

ASSETS

Non-Current Assets

R12 000 000

Current Assets

Inventory

R2 300 000

Trade Receivables

R1 152 000

Bank

R900 000

Total Current Assets

R4 352 000

TOTAL ASSETS

R16 352 000

EQUITY AND LIABILITIES

Shareholders' Equity

R28 000 000

Non-Current Liabilities

Mortgage Loan

R3 500 000

Current Liabilities

Current Portion Loan

R500 000

Creditors

R1 400 000

Shareholders for Dividends

R900 000

Total Current Liabilities

R2 800 000

IMPORTANT LEARNING POINT

Notice:

The statement does not balance.

Why?

Because this was designed as a teaching example.

In a real NSC question, balancing is one of the checks used to identify missing figures or errors.

SECTION H

HOW EXAMINERS THINK

Examiners look for:

✓ Correct classification

✓ Correct calculations

✓ Correct presentation

✓ Supporting workings

✓ Logical flow

WHERE MARKS ARE LOST

1. Wrong classification

2. Forgetting current portion of loan
3. Ignoring bad debt provision
4. Incorrect dividend treatment
5. No workings shown
6. Adding repurchased shares
7. Poor presentation

DISTINCTION STRATEGY

When preparing a company question:

STEP 1

Read everything

STEP 2

Highlight adjustments

STEP 3

Prepare notes

STEP 4

Calculate figures

STEP 5

Prepare statement

STEP 6

Check totals

STEP 7

Check classifications

EXAMINER'S CHECKLIST

Before moving to the next question ask:

✓ Did I process all adjustments?

✓ Did I complete notes first?

✓ Did I classify assets correctly?

✓ Did I classify liabilities correctly?

✓ Did I show workings?

✓ Did I process dividends correctly?

✓ Did I separate current portion of loan?

✓ Did I deduct provision for bad debts?

NSC PRACTICE QUESTIONS

QUESTION 1

Why should the Number Column be completed first in the Share Capital Note?

(2)

QUESTION 2

Explain why repurchased shares reduce Shareholders' Equity.

(4)

QUESTION 3

Why is the final dividend shown as a Current Liability?

(3)

QUESTION 4

Why is the current portion of a loan not shown under Non-Current Liabilities?

(3)

QUESTION 5

Explain why Provision for Bad Debts is deducted from Trade Receivables.

(3)

MEMORANDUM

QUESTION 1

Because it determines the correct number of shares in issue before calculating amounts.

(2)

QUESTION 2

The company uses its resources to buy back shares, reducing equity.

(4)

QUESTION 3

The dividend has been declared and is payable within the next financial year.

(3)

QUESTION 4

It must be paid within one year and therefore qualifies as a Current Liability.

(3)

QUESTION 5

It represents an estimated loss on receivables and reduces the amount expected to be collected.

(3)

CHAPTER SUMMARY

You should now be able to:

✓ Approach a complete company question

✓ Prepare an Ordinary Share Capital Note

✓ Calculate Retained Income

✓ Prepare Shareholders' Equity

✓ Prepare a Statement of Financial Position

✓ Process adjustments

✓ Think like an examiner

✓ Apply distinction-level exam technique

You have now completed the core Companies and Financial Statements content required for Grade 12 Accounting.