

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		MAY/JUNE 2025	
SUBJECT		ACCOUNTING	
PAPER		1	
MARK TOTAL		150	
DURATION (HOURS)		2	
NUMBER OF PAGES		12	(INCLUDING A FORMULA SHEET AND A 11 PAGE ANSWER BOOK)



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer **ALL** question.
2. A special **ANSWER BOOK** is provided in which to answer **ALL** questions.
3. Show **ALL** calculations to earn part marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue ink pen to answer questions.
6. Where applicable, show **ALL** calculations to **ONE** decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is **NOT** compulsory.
8. Write neatly and legibly.
9. 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 and notes to the financial statements	55	45
2	Cash flow statement, notes, and financial indicators	45	35
3	Financial indicators and interpretation	30	25
4	Audit report and Corporate Governance	20	15
TOTAL:		[150]	[120]

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME AND NOTES TO THE FINANCIAL STATEMENTS (55 marks; 45 minutes)

1.1 You are provided with information relating to Alhavi LTD for the financial year ended 30 September 2024. The business prices its goods at a mark-up of 80% on cost.

REQUIRED:

1.1.1 Complete the Retained Income Note for the year ended 30 September 2024. (6)

1.1.2 Refer to information D. Calculate the stock on hand for 30 September 2024 and trading stock deficit/surplus. (9)

Complete the Statement of Comprehensive Income for the year ended 30 September 2024. (40)

INFORMATION:

Figures extracted from the Pre-adjustment Trial Balance on 30 September 2024:

	R
Balance Sheet Accounts	
Retained income	128 750
Mortgage loan: Uys Bank	566 440
Bank (DR)	819 400
Debtors' control	137 300
Trading stock	389 900
Provision for bad debts	6 344
Nominal Accounts	
Sales (less allowances)	8 060 660
Cost of sales	?
Directors' fees	637 490
Salaries and wages	621 418
Sundry expenses	219 990
Depreciation	211 242
Audit fees	39 100
Repairs	170 000
Rent income	173 230
Interest income	?
Packing material	23 120
Advertising	34 998
Ordinary share dividends	340 000

Adjustments and additional information:

- a) Note that trade discount of R948 430 was granted to special customers.
- b) Adjust the provision for bad debts to 4% of the outstanding debtors.
- c) Physical stock count on 30 September 2024 revealed the following on hand:
 - Packing material, R16 830 was *used*.
- d) Alhavi LTD is selling fridges. They use the first-in-first-out method. The following information regarding the trading stock was obtained:

Stock balances according to a physical stock count:

	UNITS	COST PRICE PER UNIT (R)	TOTAL (R)
1 October 2023	12		
30 September 2024	?		?

Purchases:

DATE	UNITS PURCHASED	COST PRICE PER UNIT (R)	TOTAL (R)
20 October 2023	100	17 200	1 720 000
20 January 2024	131	11 675	1 529 425
31 July 2024	20	18 000	360 000

Returns: 3 defective fridges from the purchases in January 2024 were returned to suppliers for a full refund.

Sales: 238 fridges were sold.

- e) External auditors are owed a further R12 325.

- f) On the 1 August 2024, some equipment was stolen. Depreciation on equipment was calculated incorrectly in the books. The bookkeeper provided you with the following Fixed Asset Register:

Asset:	HP Colour Laserjet printer	
Date of purchase:	1 October 2022	
Cost price:	R71 400	
Depreciation method:	20% p.a. on the diminishing balance method	
Insurance pay-out received	R30 600	
Date		
	Depreciation	Carry Value
30 September 2023	14 280	57 120
31 July 2024	10 710	46 410

No entry in respect of the stolen equipment was made in the books.

- g) During July 2024 the tenant paid R10 200 for repairs to the premises. He deducted this from his rent for August 2024, as repairs are the responsibility of the company. No entries were made. The rent for October 2024 was received and deposited during September 2024.
- h) The company has four directors who earn the same director's fee. One of the directors has received his director's fee for October 2024.
- i) Advertising consists of a monthly contract with the local radio station for the entire financial year. Advertising was paid for 11 months only. From 1 July 2024, the contract premium decreased by R266 per month.
- j) A final dividend of 45c was declared on 25 September 2024. On this date the number of issued shares were 800 000.
- k) Income tax is 27% of the net profit.

[55]

QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(45 marks; 35 minutes)

- 2.1 Choose a term to complete each of the following statements. Write only the term next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

Non-executive director(s), Shareholder(s), External auditor(s), Executive director(s), Internal auditor(s)

2.1.1 _____ are appointed by the shareholders to manage the company being part of the day-to-day activities.

2.1.2 _____ are appointed by shareholders to give an unbiased opinion on the financial statements.

2.1.3 A _____ is a person who invests in a company by buying shares to obtain a percentage of the company.

2.1.4 The _____ is employed by the company to set up functional processes and mitigating risks.

(4 x 1) = (4)

2.2 OCTONAUTS LTD

The given information relates to OCTONAUTS LTD for the financial year ended 30 April 2025.

REQUIRED:

2.2.1 Prepare the ordinary share capital note to the Statement of Financial Position on 30 April 2025. (7)

2.2.2 Complete the Cash Flow Statement by completing only the details and figures indicated by a star (*). (20)

2.2.3 Calculate the following financial indicators on 30 April 2025.

a) Debt-equity ratio. (4)

b) Percentage operating profit on sales. (3)

c) Dividends per share (DPS) of a shareholder who owned the same number of shares for the entire financial period. (5)

2.2.4 Do you think the business has managed its cash flow responsibly? Quote figures to support your answer. (2)

INFORMATION:**A) Information from the Statement of Comprehensive Income for the financial year ended 30 April 2025:**

Sales	7 354 200
Operating expenses	1 496 000
Depreciation	272 000
Interest expense	73 185
Operating profit	592 450
Income tax	159 605
Net profit after tax	372 411

B) Information from the Statement of Financial Position on 30 April:

	2025 (R)	2024 (R)
Fixed assets at carrying value	5 250 450	4 228 750
Fixed deposits	187 000	255 000
Current assets	526 660	563 805
Cash and cash equivalents	19 890	2 125
Shareholders' equity	?	?
Ordinary share capital	4 498 200	?
Retained income	227 801	125 265
Loan: Shellington Bank	837 250	382 500
Current liabilities	416 500	522 155
Bank overdraft		55 335
Shareholders for dividends	142 800	102 000
SARS: Income tax	10 030	2 040

C) Share capital and dividends

- The authorised share capital comprises 1 020 000 ordinary shares.
- 765 000 ordinary shares were in issue on 1 May 2024.
- The company issued 127 500 ordinary shares at R5,00 per share on 1 January 2025.
- 59 500 ordinary shares were repurchased from shareholders on 30 April 2025. An electronic transfer was done for R371 875 for these shares. These shareholders qualify for final dividends.
- An interim dividend of 10c per share was paid on 30 November 2024.
- A final dividend was declared on 30 April 2025.

D) Fixed assets

- Old equipment was sold for cash at the carrying value of R275 400.
- Additional equipment and delivery vehicles were purchased.

[45]**QUESTION 3: FINANCIAL INDICATORS AND INTERPRETATION (30 marks; 25 minutes)****3.1 MOTOWN LTD and AMELIA BEDELIA LTD****Refer to Information A to B.**

Ella Bella owns shares and is a director in both these companies.

She recently invested another R587 993,50 in each company by buying shares on the JSE at market value as follows:

- AMELIA BEDELIA LTD – R5,60
- MOTOWN LTD – R11,75

REQUIRED:

NOTE: Provide figures, financial indicators, or calculations in EACH case to support your comments and explanations.

3.1.1 Purchases of shares

- Explain why directors should be interested in the price of their companies' shares on the JSE. (1)
- Calculate the number of additional shares in **MOTOWN LTD** that Ella was able to buy on the JSE in 2024. (2)
- Comment on the price that Ella paid for these shares and give **TWO** reasons why she might have been satisfied to pay this price. (6)

3.1.2 Dividends and earnings

- According to the dividend pay-out rate, explain in your opinion which company is more likely to expand. (6)
- Compare and comment on the percentage return on equity earned by **EACH** company. (4)
- Ella feels that the earnings per share of **AMELIA BEDELIA LTD** is much better than that of **MOTOWN LTD** Explain why she feels this way. (5)

- 3.1.3 Ella Bella feels that **AMELIA BEDELIA LTD** should repay the loan as soon as possible. Explain what you will say to her. Give TWO financial indicators (with figures) to support your opinion. (6)

INFORMATION

A) Shareholding of Ella Bella in the two companies

	AMELIA BEDELIA LTD	MOTOWN LTD
Number of shares bought in 2023	2 002 000 shares	812 000 shares
Total shares issued by each company	3 640 000 shares	1 736 000 shares
Additional shares bought by Ella	105 000 shares	?
Ella's % shareholding before buying additional shares	55,0%	46,8%

B) Financial indicators and additional information on 28 February 2025

	AMELIA BEDELIA LTD	MOTOWN LTD
Earnings per share	116 cents	136 cents
Dividends per share	112 cents	91 cents
Debt-equity ratio	0,7 : 1	0,1 : 1
% return on average equity	18,2%	6,2%
% return on average capital employed	15,1%	9,4%
Net asset value per share	445 cents	750 cents
Interest rate on loans	12%	12%
Interest on investments	6,5%	6,5%

[30]

QUESTION 4: AUDIT REPORT AND CORPORATE GOVERNANCE

(20 marks; 15 minutes)

4.1 AUDIT REPORT

You are provided with an extract from the Audit Report of INBESTIGATORS LTD.

REQUIRED:

- 4.1.1 To whom is the audit report addressed and why? (2)
- 4.1.2 Who must ensure that the financial statements are prepared and presented at the annual general meeting? (1)
- 4.1.3 What kind of audit report was given? Prove your answer by quoting from the audit report. (3)
- 4.1.4 Explain why the independent auditors referred to pages 10 – 30 in the report. (2)
- 4.1.5 What does the abbreviation IFRS stand for? (1)

INFORMATION:

We have examined the financials set out on pages 10 – 30.

In our opinion, the annual financial statements fairly presented, in all material aspects, the financial position of the company on 30 June 2024 and the result of their operations and cash flow for the year ended in accordance with IFRS and in the manner required by the Companies Act of South Africa.

*IAN AND ALFRED PEETS
 CHARTERED ACCOUNTANTS
 REGISTERED ACCOUNTANTS AND AUDITORS
 DURBANVILLE ROAD, BELLVILLE*

4.2 CORPORATE GOVERNANCE

The following information was extracted from a local publication. It relates to a company listed on the JSE.

The JSE has imposed the maximum fine on former CEO (Chief Executive Officer) of BEAR GRILLS LTD, as well as barring him from serving as a director on the board of any JSE listed company, for ten years. The JSE stated that it had imposed the above penalty for the following reasons:

- The release of financial statements that did not comply with listing requirements.*
- The financial statements contained incorrect, false, and misleading information.*
- Fictitious source documents that falsely inflated income by millions of rands, were also discovered.*

REQUIRED:

- 4.2.1 Provide TWO possible reasons why the CEO was fined, and not the company. (4)
- 4.2.2 Provide TWO reasons why the JSE took this action. (4)
- 4.2.3 Identify ONE other party (stakeholder) that could also be accountable for allowing this situation. Provide a reason. (3)

[20]

GRAND TOTAL: [150]

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}'}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE:	
* In this case, 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.	