

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		NOVEMBER 2025	
SUBJECT		ACCOUNTING	
PAPER		1	
MARK TOTAL		150	
DURATION (HOURS)		2	
NUMBER OF PAGES		14	(INCLUDING A FORMULA SHEET AND AN 11 PAGE ANSWER BOOK)



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
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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. Show **ALL** workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark grey pencil or blue/black ink 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 Retained Income Note	55	45
2	Cash Flow Statement and Financial Indicators	45	35
3	Interpretation of Financial Information	35	30
4	Audit Reports and Corporate Governance	15	10
TOTAL		150	120

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME AND RETAINED INCOME NOTE

(55 marks; 45 min)

COLOUR BIKE LTD.

The information relates to the financial year ended 30 June 2025.

REQUIRED:

- 1.1 Prepare the Retained Income Note to the Statement of Financial Position. (10)
- 1.2
- 1.2.1 **Refer to Information A and B (i):**
- Calculate the total depreciation for the year. (7)
 - Profit/Loss on sale of fixed asset. (3)
- 1.2.2 **Refer to Information A and B (ii):**
- Calculate the trading stock surplus/deficit. (5)
- 1.3 Complete the Statement of Comprehensive Income for the year ended 30 June 2025. (30)

INFORMATION:**A. The following balances/totals appeared in the books on 30 June:**

Balance sheet accounts	2025	2024
Ordinary Share Capital	7 250 000	
Retained income	?	1 820 000
Loan: BLUE Bank	1 984 000	2 300 000
Vehicles	4 220 000	
Equipment	968 000	
Accumulated depreciation on vehicles	?	1 325 000
Accumulated depreciation on equipment	?	327 000
Fixed deposit: GOLD Bank	1 150 000	
Trading stock	2 340 000	
Debtors Control	668 000	
SARS: Income tax (provisional payments)	647 250	
Creditors Control	629 000	
Shareholders for dividends	?	427 500
Nominal accounts		
Sales	13 500 000	
Cost of sales	?	
Commission income	589 070	
Salaries and wages	2 740 000	
Audit fees	356 250	
Sundry operating expenses	252 500	
Consumables	815 800	
Director's fees	1 278 800	
Interest income: Fixed deposit (balancing figure)	?	
Dividends on ordinary shares	675 000	

B. Adjustments and additional information:

- i. No entries have been made for depreciation and the disposal of the fixed asset.

Note: The cost price of R40 000 of the disposed equipment has been recorded.

Vehicles

Depreciated at 20% p.a. on cost price.

No new vehicles were purchased or sold during the financial year.

Equipment

Depreciated at 15% p.a. on the diminishing balance method.

Note: Equipment was sold on 31 January 2025.

Fixed asset register details are as follows:

Cost price	R40 000
Accumulated depreciation on 1 July 2024	R18 000
Selling price	R22 500

- ii. Bicycles are valued using the specific identification method. The stock records are as follows:

Model	Opening stock	Purchases	Cost price per unit	Sold	Closing stock
Momsen	200	1 400	R6 750		275
Avalanche	0	640	R3 500	550	?

- iii. The business uses a mark-up of 150% on cost price. Trade discount amounting to R275 000, was granted on the sale of goods and was recorded.
- iv. An entry of R28 800 has been recorded for consumables that were returned to a creditor on 27 June 2025. The credit note received from the creditor shows an amount of R21 600 which is correct. Correct the error. Consumables on hand at the end of the year is R18 000.
- v. The company has four directors. Each of them receives the same monthly fee. Two of the directors received their fees for the entire year. One director received his fees for only nine months, and the other director already received his fees for July 2025.
- vi. 25% of the audit fees are still outstanding.
- vii. Commission income is received quarterly. The last quarter from April to June is still outstanding. Colour Bike Ltd. sell products on behalf of Funky Socks and receive a R35 transaction fee per product sold. In the previous quarter a total of R196 000 was received. This quarter there is a decrease in sales by 450 products.
- viii. Included in Sundry operating expenses was a Security contract signed to guard the premises. A monthly premium of R12 500 was paid from 1 November 2024. The premium increased by 6% from 1 January 2025. The contract has been paid until 1 November 2025.
- ix. Allow for interest on the loan. The statement received from Blue Bank indicates monthly repayments of R38 500. This includes capitalised interest.
- x. The income tax rate is 32% of the net profit. An amount of R32 750 is still owed to SARS.

xi. Shares capital and dividends:

- 80 000 shares were bought back on 31 March 2025 at R6.90 each. These shares do not qualify for final dividends.
- No new shares have been issued in the current financial year.
- On 30 June 2025, 1 450 000 shares were issued.
- Interim dividends were paid on 31 December 2024.
- Final dividends of 25c per share were declared on 30 June 2025.

QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(45 marks; 35 min)

2.1 Choose the correct word(s) from the ones given in brackets. Write down only the word/s next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.

2.1.1 Unused consumables at the end of the financial year are classified as a/an (financial asset/operating asset).

2.1.2 Interest on loans is considered as a/an (operating activity/financing activity).

2.1.3 A company that properly controls its income and expenses will be (solvent/ profitable). (3)

2.2 GREEN APPLE LTD.

The information relates to Green Apple Ltd. for the financial year ending 28 February 2025.

REQUIRED:

2.2.1 Calculate the following financial indicators on 28 February 2025:

- Debt-Equity ratio (3)
- Earnings per share **(refer to information D)** (4)
- Net asset value (4)
- % Return on average shareholders' equity (4)

2.2.2 Complete the Cash Flow Statement on 28 February 2025. (27)

INFORMATION:

A. Extract of information from the Statement of Comprehensive Income on 28 February 2025:

Depreciation	234 000
Interest expense	88 000
Income Tax	415 200
Net profit after tax	968 800

B. Extract of information from the Statement of Financial Position on 28 February:

	2025	2024
Fixed assets (carrying value)	9 528 300	8 320 300
Fixed deposit		?
Current assets	1 002 000	755 000
Cash and Cash equivalents	56 500	5 000
Shareholders' equity	?	7 411 500
Ordinary Share Capital	8 281 000	7 200 000
Retained Income	699 300	211 500
Loan: Orchard Bank	900 000	1 200 000
Current liabilities	750 000	963 800
Bank overdraft	0	220 000
SARS (Income Tax)	4 500 (dr.)	23 800 (cr.)
Shareholders for dividends	120 000	160 000

C. Non-current Assets:

- Old equipment was sold for cash at carrying value, R48 000.
- Additions to the buildings during the financial year were completed.
- The fixed deposit matured during the year, interest of R22 500 was received at 4,5% interest p.a.

D. Share Capital:

- The ordinary share capital on 1 March 2024 consisted of 800 000 ordinary shares. A further 200 000 shares were issued on this date.
- On 28 February 2025 the company bought back 90 000 shares at R81 000 more than the value of the shares, based on the average share price. These shareholders qualify for final dividends.

E. Dividends and Earnings:

	28 February 2025	29 February 2024
Interim dividend	28 cents	60 cents
Final dividend	12 cents	20 cents
Earnings per share	?	94 cents

QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION (35 marks; 30 min)

3.1 You are provided with information regarding REDBULL Ltd. for the financial year ending 28 February 2025. The company is listed on the stock exchange with an authorised share capital of 2 million ordinary shares.

REQUIRED:

NOTE: In EVERY case, provide figures, financial indicators or calculations to support your comments and explanations.

3.1.1 Solvency and Liquidity:

- Comment on the solvency of the company. Quote ONE financial indicator with figures.
- Explain why the directors are concerned with the change in the liquidity of the company. Quote TWO financial indicators with figures. (6)

3.1.2 Earnings, return and share price on the JSE:

- Comment on the % return and earnings per share of the company. Quote TWO financial indicators with figures.
- Comment on the share price on the JSE and how the % return and earnings per share have affected the share price. Quote figures. (8)

3.1.3 Risk and Gearing:

Explain how the loan affected the risk and gearing and whether or not it was a good idea to increase the loan. Quote TWO financial indicators with figures. (6)

3.1.4 Shareholding:

Refer to Information D:

The directors decided to offer the existing shareholders one share for every five shares they owned on 1 September 2024, at a price of R6,50 each. Speed Scott currently owns 48% of the shares of REDBULL Ltd. Scott was one of the few shareholders who decided to accept this offer.

- Comment on the issue price decided by the directors. Quote figures.
- Explain how Scott's decision affected his % shareholding. Provide a calculation to support your explanation.
- Give TWO reasons why Scott might have made this decision. (9)

3.1.5 Dividends:

- One of the directors feels that the Dividends pay-out rate (%) should have remained constant. With a calculation give ONE possible reason for his opinion.

- **Refer to information E**

Explain (with figures) why one of the shareholders, Hannah McMillan, feels that the dividends she earns in REDBULL Ltd. are not as good as those that she earns in BLUEBULL Ltd.

(6)

INFORMATION:

A. Extract from the Financial Statements:

	28 February 2025	29 February 2024
Net profit after tax	R612 000	R720 000
Loan from Max Bank	R3 500 000	R2 000 000

B. Financial indicators and ratios calculated:

	2025	2024
Debt-equity ratio	0,4 : 1	0,3 : 1
Total assets : Total liabilities	2 : 1	5 : 1
Current ratio	2,4 : 1	2,1 : 1
Acid-test ratio	0,8 : 1	1,4 : 1
Stock turnover rate	5 times	8 times
Earnings per share	72 cents	96 cents
Dividends per share	48 cents	48 cents
Return on average shareholders' equity	5,7%	8,6%
Return on total capital employed	6,2%	11,6%
Net asset value per share	732 cents	900 cents

C. Additional information:

	28 February 2025	29 February 2024
Market price of shares on JSE	840 cents	920 cents
Interest rate on investments	6,5%	6,5%
Interest rate on loans	12%	10,5%

D. Shareholding of Speed Scott:

	Number of shares	Price per share
REDBULL Ltd. was founded in 2013		
Total REDBULL Ltd. shares issued		
On 29 February 2024	750 000	
On 28 February 2025	850 000	
Shares bought by Speed Scott		
On 1 March 2021	360 000	650 cents
On 1 September 2024	?	650 cents

E. Shareholding of Hannah McMillan in two companies:

	REDBULL Ltd.	BLUEBULL Ltd.
Dividends per share for 2025	48 cents	34 cents
Issue price of shares	920 cents	400 cents
Number of shares in company	30 000 shares	30 000 shares

QUESTION 4: AUDIT REPORTS AND CORPORATE GOVERNANCE (15 marks; 10 min)

4.1 There are three types of independent auditor's reports. For each of the following wordings (4.1.1 to 4.1.3), give the correct type of report the auditors will issue:

4.1.1 In our opinion, except for the effect of, the annual financial statements represent fairly, in all material respects.

4.1.2 In our opinion, the annual financial statements present fairly, in all material respects,

4.1.3 Because of the significance of the matter described ..., we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion.

(3)

An article on the next page was extracted from a local newspaper. Read the extract carefully and answer the questions that follow. Use your general knowledge of companies and corporate governance to support your answers, if necessary.

REQUIRED:

4.2 Refer to Paragraph 1.

Explain why directors should be interested in the price of their company's shares on the JSE.

(2)

4.3 Refer to Paragraph 2.

4.3.1 Explain where, why and when the financial statements and audit report are expected to be presented.

(3)

4.3.2 The CFO of Sasfin Holdings Ltd. has emphasised that maintaining financial data integrity is crucial for the company to ensure accurate reporting and compliance with regulations. State TWO practices that can help to maintain the integrity of accounting records within the company.

(4)

4.4 Consider the following scenario below which arose in a business.

- Comment on the CEO's choice to sell his shares.
- As a shareholder, how would you react in this case? State ONE point.
- Name ONE consequence for the guilty party.

(3)

Scenario

Warren Wheatley, the CEO of a company learns before anyone else that the company will lose a large contract with the government. It will have a very big negative impact on the profits of the company. He decides to sell his shares before this news becomes public.

INFORMATION:

Extract from an article in BusinessTech on 14 October 2024:

New company list on the JSE

Luke Fraser 14 Oct 2024

Paragraph 1

Private investment platform Alvest Capital has joined the Johannesburg Stock Exchange (JSE). “Listing on the JSE is a strategic move that will help us reach more investors and enhance these investment and funding opportunities for all.” said Warren Wheatley, CEO of Alvest Capital.

“We welcome Alvest and other companies looking to enable growth and access greater liquidity, broader market reach and a deeper investor pool,” said Valdene Reddy Director of Capital Markets at the JSE.

Alvest is listing with the following information:

1 million ordinary shares with an issue price of 650c each.

Paragraph 2**Leave the JSE**

Sasfin Holdings Limited wants to delist from the JSE.

Sasfin said that its delisting forms part of a strategic repositioning aimed at unlocking value for Shareholders over the short to medium term.

The group has faced numerous headwinds, a nearly R5 billion tax claim from SARS, and failure to publish its financial results within the required period.

The CFO of Sasfin Holdings Ltd. has emphasised that maintaining financial data integrity is crucial for the company to ensure accurate reporting and compliance with regulations.

[Source: [New company lists on the JSE – BusinessTech](#)]

15

GRAND TOTAL: [150]

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \times \frac{1}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \times \frac{1}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \times \frac{1}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtor's}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<p>NOTE:</p> <ol style="list-style-type: none"> 1. Trading stock at the end of a financial year may be used if required in a question. 2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). 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. 	