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GRADE 12

JUNE 2025

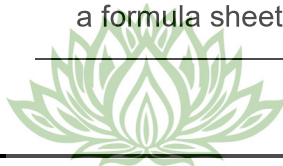
ACCOUNTING P1

MARKS: 150

TIME: 2 hours



This question paper consists of 12 pages,
a formula sheet and an 9-page answer book.



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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
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	TIME (minutes)
1	Notes to the Financial Statements and Statement of Financial Position	55	45
2	Cash Flow Statement and Financial Indicators	40	30
3	Interpretation of Financial Statements	40	30
4	Corporate Governance	15	15
	TOTAL	150	120



**QUESTION 1: NOTES TO THE FINANCIAL STATEMENTS AND STATEMENT
OF FINANCIAL POSITION (55 marks; 45 minutes)****YAMIHLE LTD**

The information relates to the financial year ended on 28 February 2025.

REQUIRED:**1.1 Refer to Information A.**

Calculate the missing amounts denoted by (a) to (d) in the Tangible Assets Note. (13)

**1.2 Refer to Information A, B and C. Prepare the following on
28 February 2025:**

- Trade and other receivables Note (7)
- Retained Income Note (8)
- Statement of Financial Position (27)

NOTE:

- Some amounts have been entered in the ANSWER BOOK.
- Figures are NOT required in the shaded areas.
- Show workings.



INFORMATION:**A. Tangible Assets:**

	Land and Buildings	Vehicles	Equipment
Cost	(a)	465 000	520 000
Accumulated depreciation		(418 500)	
Carrying value (1 March 2024)		46 500	
Movements			
Additions	230 000	500 000	0
Disposals		0	(b)
Depreciation		(c)	(39 280)
Carrying value (28 February 2025)		(d)	295 245
Cost	1 780 000	965 000	450 000
Accumulated depreciation			

- Depreciation is calculated as follows:
 - on vehicles at 20% p.a. on cost
 - on equipment at 10% p.a. on diminishing balance method
- A new vehicle was purchased on 1 December 2024.
- Equipment that was purchased on 1 June 2023 was sold for cash for R61 500 on 28 February 2025.

B. Extract: Balances and totals from the records on 28 February 2025:

	R
Ordinary share capital	?
Retained Income (1 March 2024)	298 000
Fixed assets (carrying value)	?
Fixed deposit: Prince Bank	135 500
SARS: Income Tax (provisional tax payments)	142 768
Bank (favourable)	?
Creditors' Control	210 100
Loan: Abu Bank	?
Trading Stock	736 090
Provision for bad debts (1 March 2024)	8 200
Net trade debtors	328 590
Insurance	184 100
Rent income	187 440
Directors' fees	397 600
Ordinary share dividends	108 000



C. Adjustments and additional information:

- (i) Yamihle Ltd pays a fixed monthly insurance to ATR Insurers. Insurance for March and April 2025 has also been paid.
- (ii) The rent for February 2025 has not been received yet. The rent increased by 12% on 1 November 2024.
- (iii) Provision for bad debts must be decreased by R175. This was not taken into account when calculating the amount for net trade debtors. The bookkeeper mistakenly recorded the provision for bad debts for 1 March 2024.
- (iv) 20% of the fixed deposit will mature on 30 September 2025.
- (v) A further R108 400 is owed for income tax.
- (vi) The company has three directors. Two of the directors receive the same monthly fee each. The third director receives 20% less than the other directors. All three directors did not receive their fees for January and February 2025.
- (vii) Packing material on hand amounted to R4 760.
- (viii) Income tax for the year was calculated at 32% of the net profit before tax.
- (ix)
 - Yamihle Ltd is authorised to issue 2 000 000 ordinary shares.
 - Ordinary shares were repurchased at R90 400 above average price.
 - 20% of the ordinary shares have not yet been issued at year-end.
 - A final dividend of 12 cents per share was declared on 28 February 2025 and must still be brought into account.
- (x) Extract from Abu Bank loan statement:

Balance on 1 March 2024	448 000
Instalments (including interest)	114 060
Interest capitalised	57 000
Balance on 28 February 2025	?

NOTE: R65 000 of the loan balance will be settled in the next financial year.

- (xi) The net asset value per share on 28 February 2025 is 220 cents.



QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS
(40 marks; 30 minutes)

The information relates to Mantsane Ltd that distributes cleaning material to retailers.
The financial year ended on 30 April 2025.

REQUIRED:

- 2.1 Calculate the following amounts for the Cash Flow Statement:
- 2.1.1 Dividends paid (3)
 - 2.1.2 Taxation paid (5)
- 2.2 Calculate the following financial indicators for the year ended 28 February 2025:
- 2.2.1 Percentage return on total capital employed (ROTCE) (6)
 - 2.2.2 Acid test ratio (4)
 - 2.2.3 Percentage operating profit on sales (3)
- 2.3 Complete the following sections of the Cash Flow Statement:
- 2.3.1 Cash flow from investing activities (8)
 - 2.3.2 Cash flow from financing activities (7)
 - 2.3.3 Net change in cash and cash equivalents (4)



INFORMATION:**A. Extract from the Statement of Comprehensive Income for the year ended 30 April 2025:**

Turnover for the year	4 790 000
Depreciation	475 360
Operating Expenses	1 682 200
Gross Operating Income	2 521 000
Interest expense	115 500
Net profit before tax	820 300
Net profit after tax	574 210

B. Extract from the Statement of Financial Position:

	30 April 2025	30 April 2024
Tangible assets at carrying value	6 135 640	5 810 000
Financial assets (Fixed deposit)	1 430 000	1 680 000
Current assets	1 710 820	785 000
Inventories	776 740	536 430
Trade and other receivables (see D)	648 310	226 570
Cash and cash equivalents	285 770	22 000
Shareholders' Equity	6 897 610	6 438 400
Ordinary share capital (see F)	6 305 000	5 760 000
Retained Income	592 610	678 400
Loan: Yoli Bank	900 000	500 000
Current liabilities	1 478 850	1 336 600
Trade and other Payables (see E)	1 118 850	1 096 600
Bank overdraft	0	75 000

C. Tangible assets:

- Tangible assets were sold during the year at book value, R549 000.
- Tangible assets were bought during the year for R?

D. Trade and other receivables include:	30 April 2025	30 April 2024
Net Trade debtors	388 010	214 070
Accrued income	21 300	0
Prepaid expenses	64 000	12 500
SARS (Income Tax)	175 000	0

E. Trade and other payables include:	30 April 2025	30 April 2024
Trade creditors	890 150	748 600
Income received in advance	33 700	0
SARS: Income tax	0	204 000
Shareholders for dividends	195 000	144 000



F. Ordinary Share capital and dividends:

- 1 200 000 shares were in issue on 1 May 2024.
- On 1 November 2024, 400 000 additional shares were issued for R2 000 000.
- 300 000 shares were repurchased on 28 February 2025 at R1,15 above average unit price. These shares do not qualify for final dividends.
- Interim dividends of 10c per share were paid on 1 October 2024.

40



QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION**(40 marks; 30 minutes)****SINAKO LTD AND LISELE LTD**

The information relates to TWO companies.

BACKGROUND INFORMATION:

- Both companies operate in a fishing industry. The financial year ends on the last day of February each year.
- Lorna Ngendu owns shares in both companies. On 1 October 2024, she convinced the board of directors of Sinako Ltd to repurchase 200 000 of her shares. She used the money received to purchase additional shares in Lisele Ltd.

NOTE: Where comments or explanations are required, you should:

- Quote financial indicators and trends with figures
- Give a reason or explanation for the financial indicators quoted

REQUIRED:**3.1 Profitability:**

Quote and explain TWO financial indicators to show which company is managing its expenses more efficiently. (4)

3.2 Dividends, earnings and returns:

- Comment on the dividend pay-out policy of Sinako Ltd. Explain why the change in policy was irresponsible. (4)
- Comment on the % return on shareholders' equity of EACH company. Explain the effect on Sinako Ltd. (4)
- Sindiswa, a shareholder, feels that earnings per share (EPS) in Lisele Ltd are better than in Sinako Ltd. Explain why you agree with her. (4)

3.3 Shareholding of Lorna Ngendu in both companies:

- Comment on the price paid for the shares repurchased by Sinako Ltd. Provide TWO points. (4)
- Calculate the number of shares that Lorna purchased in Lisele Ltd with the money she received from the share buyback at Sinako Ltd. (2)
- Explain the effect of the share repurchase on the % shareholding of Lorna Ngendu in Lisele Ltd. Quote figures. (4)



3.4 Financing strategies and gearing:

The directors of each company have taken deliberate decisions regarding finance and gearing that are reflected in their Cash Flow Statements.

- Explain the decisions taken by the directors of Lisele Ltd and how these will benefit the company. Provide TWO points with figures. (8)
- Explain how the decisions taken by Sinako Ltd affected the risk and gearing of the business. Quote TWO financial indicators with figures. (6)

INFORMATION:

A. Extracts from the accounting records at the end of each year:

	SINAKO LTD		LISELE LTD	
	Feb. 2025	Feb. 2024	Feb. 2025	Feb. 2024
Number of share in issue	800 000	1 000 000	2 000 000	1 500 000
Funds used for share repurchase	R3 000 000			
Repurchase price	R15,00			
Increase in share capital	0		R4 000 000	
Issue price of additional shares			R8,00	
Fixed assets purchased	R1 800 000		R3 200 000	
Increase (decrease) in loan	R5 300 000		(R550 000)	

B. Financial indicators, market prices and interest rates of shares:

	SINAKO LTD		LISELE LTD	
	Feb. 2025	Feb. 2024	Feb. 2025	Feb. 2024
% operating expenses on sales	19,8%	16,5%	15,1%	19,2%
% operating profit on sales	21,7%	25,2%	27,0%	24,5%
% net profit on sales	15,4%	19,6%	20,9%	17,3%
Debt-equity ratio	1,2 : 1	0,5 : 1	0,3 : 1	0,5 : 1
% return on capital employed	11,9%	18,0%	19,6%	15,9%
% return on shareholders' equity	9,4%	13,7%	17,5%	11,2%
Net asset value per share	1 158 cents	1 206 cents	743 cents	725 cents
Market price of shares	1 060 cents	1 215 cents	800 cents	739 cents
Interest rate on loans	16%	16%	16%	16%
Earnings per share	96 cents	152 cents	87 cents	78 cents
Dividends per share	106 cents	98 cents	66 cents	82 cents
Dividend pay-out rate	110%	64%	76%	105%
Interest on alternative investment	14%	14%	14%	14%

C. Shareholding of Lorna Ngendu in both companies:

	SINAKO LTD		LISELE LTD	
	2025	2024	2025	2024
Shares in each company	310 000	510 000	?	637 500
% shareholding in each company	?	51%	?	42,5%



QUESTION 4: CORPORATE GOVERNANCE**(15 marks; 15 minutes)**

- 4.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.
- 4.1.1 (Shareholders / Directors) manage the day-to-day operations of the company and make informed decisions to help the company achieve its goals.
- 4.1.2 A/An (disclaimer of opinion / unqualified) audit opinion is received when the external auditor refuses to express an opinion on the reliability of the financial statements.
- 4.1.3 (Remunerations Committee / Good corporate governance) ensures that the company has proper rules, policies and practices to create long-term shareholder value. (3)
- 4.2 **Refer to the extract from the Audit Report of Kanghol Ltd:**
- 4.2.1 What type of audit report did Kanghol Ltd receive in 2025? (1)
- 4.2.2 Where is this audit report expected to be presented? Give ONE point. (1)
- 4.2.3 Explain TWO points on the impact of this report on the company. (4)

Extract from the Audit Report of Kanghol Ltd:

We have audited the financial statements of Kanghol Ltd for the year ended 28 February 2025. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on the audit performed.

The audit includes, on a test basis, evidence supporting the amounts in the financial statements and assessing the principles used.

The financial statements fairly present, in all material respects, the financial position of the company, except for a significant increase in the value of inventory that is unaccounted for.

Smilo and Thato, Chartered Accountants (SA)

- 4.3 Corporate social responsibility programmes aim to give structure to a company's efforts to give back to the community and to provide positive social value.
- Explain why companies would want to give back to the communities. State THREE points. (6)

15

TOTAL: 150

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

