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EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING PAPER 1

SEPTEMBER 2025

QUESTION PAPER

MARKS: 150

TIME: 2 hours

**This question paper consists of 10 pages,
a formula sheet and a 13-page answer book.**



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. 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	MINUTES
1	Companies: Financial Statements	55	45
2	Cash Flow Statement and Financial Indicators	40	30
3	Interpretation of Financial Information	40	35
4	Corporate Governance	15	10
TOTAL		150	120

**QUESTION 1: COMPANIES; FINANCIAL STATEMENTS****(55 marks; 45 minutes)****CONCEPTS**

1.1 Match the following concepts in column A with the explanation in column B. Write only the letter (A-E) next to the question number (1.1.1 to 1.1.4) in the ANSWER BOOK.

(4)

COLUMN A		COLUMN B	
1.1.1	IFRS	A	An annual meeting for all shareholders, where, among other things, statements are approved, auditors and directors are elected.
1.1.2	Memorandum of Incorporation	B	Aims to ensure that consistency in accounting standards around the world is maintained throughout.
1.1.3	AGM	C	The law that protects the company's shareholders, potential shareholders, and its creditors through proper registration, reporting, and management rules.
1.1.4	Companies Act 71 of 2008	D	A document setting out agreed-upon rules by the shareholders for the management and maintenance of the business.
		E	It helps with the internal control processes of a business.

SPARTAN LTD.

You are provided with the information of Spartan Ltd for the year ended 28 February 2025.

Carrin, Spartan Ltd.'s accountant, determined that the company's net profit before taxes was R1 948 432. The net profit before taxes was found to be inaccurate during the audit process, because not all adjustments were taken into account.

REQUIRED:

1.2 Calculate and complete the following for the financial year ended 28 February 2025:

1.2.1 Calculate the correct net profit after tax (16)

1.2.2 Retained Income note (9)

1.2.3 Trade and other receivables note (10)

1.2.4 Equity and Liabilities Section of the Statement of Financial Position (16)



INFORMATION:**A Extract from the Trial Balance on 28 February:**

	28 February 2025 R	29 February 2024 R
Debtors control	412 600	
Provision for bad debts	?	12 100
Ordinary share capital		6 892 000
Retained income	?	392 900
Creditors control	289 200	
Loan: Volk Bank	?	1 836 500
SARS (Income tax)	?	18 700 (Cr)
Shareholders for dividends	391 300	
Rent income	374 000	
Bad debts recovered	15 420	
Directors' fees	1 026 000	
Bad debts	58 140	

B Share and dividends:

The authorised share capital of Spartan Ltd. is 1 200 000 shares.

Date	Details of shares and dividends
01 March 2024	70% of the shares were in issue.
31 May 2024	160 000 additional shares were issued at R8,80 per share.
31 August 2024	Interim dividends of 43 cents per share were declared and paid.
31 October 2024	90 000 ordinary shares were repurchased. The company paid 70 cents above the average share price per share.

C Financial indicators on 28 February 2025:

Earnings per share (EPS)	124 cents per share
Net asset value (NAV)	900 cents per share

D The following adjustments and additional information had NOT been considered when the net profit before tax of R1 948 432 was calculated.

(i) Loan: Volk Bank

- For the duration of the loan, the set monthly repayment, including interest, is R25 000.
- Interest is NOT capitalised.
- The interest for the financial year ending 28 February 2025 was R216 000 and has been paid.
- It is anticipated that interest will be R162 000 during the next financial year.
- A capital portion of the loan will be repaid within the next financial year.

(ii) Rent income:

- Since 1 September 2023, a part of the building has been rented out. The rent is increased annually by 12% on the same day the contract commenced. Rent is paid two months in advance.

(iii) Director's fees:

- Two directors of the company were paid the same monthly fee as of 1 March 2024.
- On 1 July 2024, a third director was appointed for the same fee.
- Two of the directors were out of the country during February 2025. It was decided that the company would only pay their February monthly fee in March 2025.

(iv) Bad Debts:

- T. Louw, whose account was previously written off as irrecoverable, came to pay R8 050 on 24 February 2025. This amount was incorrectly entered into the Debtors' control column of the Cash Receipts Journal (CRJ). This must be corrected.
- The provision for bad debts must be adjusted to 4% of the Debtors' Control balance.

(v) Income Tax:

- The SARS income tax account has a credit balance of R18 700 as of 1 March 2024.
- To settle the outstanding balance and make the first provisional tax payment, R 358 700 was paid to SARS.
- At the end of the year, SARS received another R340 000 provisional tax payment.



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

CONCEPTS

- 2.1 Choose the correct term below, to complete each of the following statements. Write only the term next to the question number (2.1.1 to 2.1.4) in the ANSWER BOOK. (4)

Statement of Comprehensive Income; Current Assets; Non-Current Assets;
Statement of Financial Position; Net Working Capital.

- 2.1.1 Consumable stores on hand is a
- 2.1.2 A fixed deposit that will mature in two years is a
- 2.1.3 The difference between Current Assets and Current Liabilities is called.....
- 2.1.4 The statement reflecting the profit/loss of the company is called a

TAKE ALL LTD.

The information of Take All Ltd for the year ended 28 February 2025 is provided.

REQUIRED:

- 2.2 Calculate the following for the year ended 28 February 2025:
- 2.2.1 Net profit before tax (2)
- 2.2.2 Inventory (4)
- 2.3 Complete the following for the Cash Flow Statement on 28 February 2025:
- 2.3.1 Note 1: Reconciliation between profit before taxation and cash generated from operations. (4)
- 2.3.2 Cash flows from operating activities section. (14)
- 2.3.3 Cash flows from investing activities section. (7)
- 2.4 Calculate the following financial indicators for the year ended 28 February 2025:
- 2.4.1 Debt: Equity ratio (2)
- 2.4.2 Net Asset Value per share (3)



**INFORMATION:****A Extract from Statement of Comprehensive Income for the year ended 28 February 2025:**

Depreciation	R345 000
Interest on loan (NOT capitalised)	R63 400
Net profit after tax	32 200 000
Income tax	30%

B Extract from the Statement of Financial Position as at:

	28 February 2025	29 February 2024
	R	R
Ordinary share capital	4 280 000	
Retained Income	320 000	
Fixed assets (at carrying value)	2 937 000	2 652 000
Financial assets (Fixed Deposit)	250 000	480 000
Loan: East Bank (9% per annum)	1 880 000	1 230 000
Current Assets		1 298 000
Cash & cash equivalents	103 000	4 300
Inventories		679 000
Trade and other receivables		598 800
SARS (Income Tax)		15 900
Current Liabilities	964 000	797 000
Creditors control	450 700	780 400
Income received in advance (Rent)	17 000	16 000
Accrued expenses (Directors fees)	23 800	21 600
Accrued expenses (Interest on loan)	14 100	9 300
SARS (Income Tax)	21 400	
Bank overdraft	0	39 700
Shareholders for dividends	437 000	420 000

C Additional information:**(i) Financial indicators:**

- The following financial indicators were calculated on 28 February 2025:
Current ratio 1,15:1 Acid test ratio 0,75:1

(ii) Fixed assets:

- During the year, the company purchased new equipment.
- The company sold old equipment at its book value of R373 000.

(iii) Shares and Dividends:

- The total number of shares in issue on 28 February 2025 is 4 600 000 shares.
- No shares were repurchased during the year.
- An Interim dividend of 8 cents per share was declared and paid on 31 August 2024.
- A final dividend was declared at the end of the year.



**QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION****(40 marks; 35 minutes)**

You are presented with information taken from the financial records of Vuka Limited.
The financial year ended on 28 February 2025.

NOTE: Where comments or explanations are required, quote financial indicators, figures and trends to support your answer.

3.1 Liquidity:

Give your opinion on Vuka Limited's liquidity position. Quote THREE financial indicators with figures. Provide a comment to explain EACH indicator's effect on the liquidity of Vuka Limited.

(6)

3.2 Risk and Gearing:

During the current financial year, the directors decided to raise the loan.
Quote TWO financial indicators to explain whether this was a good decision or not.

(6)

3.3 Dividends and Returns:

- The dividend distribution from 2024 to 2025 was the subject of some thoughtful considerations by the directors. Share your thoughts on these changes. Show calculations to support your response.

(5)

- Should the percentage return satisfy shareholders? To support your response, quote a financial indicator and comment.

(4)

3.4 Directors' decisions:

During the Annual General Meeting (AGM), one of the shareholders said that the Cash Flow Statement revealed some bad decisions made by the directors, **being the purchase of non-current assets which led to cash and cash equivalents of an unfavourable balance of R501 500.**

(6)

Provide TWO points with relevant figures to support this opinion.

3.5 % Shareholding:

Glen Tau owns 740 000 shares in the company. Describe how her percentage shareholding in the company was affected by the December 2024 share repurchase. Provide calculations to back up your response.

(5)

3.6 Share price:

- Review the performance of the share price on the stock exchange (JSE). Provide TWO financial indicators, with figures for each year.
- The share price on the JSE has fallen over the past two years, which has upset many shareholders. What might be a reason for this decline, and what solution can the directors implement to improve the situation?

(4)

(4)



**INFORMATION:****A An extract from the Cash Flow Statement as at 28 February 2025:**

Cash flow from operating activities	(1 039 900)
Dividends paid	(1 230 000)
Purchase of Non-Current Assets	(4 274 600)
Issue of shares (300 000 x R8,00)	2 400 000
Repurchase of shares (50 000 x R13,50)	(675 000)
Net change in cash and cash equivalents	(2 989 500)
Cash and cash equivalents at the beginning of the year	2 488 000
Cash and cash equivalents at the end of the year	(501 500)

B Information taken from the Shareholders' register:

Date	Details
01 March 2024	1 200 000 shares at the beginning of the year
31 March 2024	300 000 additional shares issued
31 December 2024	50 000 shares repurchased
28 February 2025	1 450 000 shares at the end of the year

C Financial indicators:

	28 February 2025	29 February 2024
Earnings per share (EPS)	82 cents	170 cents
Dividends per share (DPS)	82 cents	100 cents
Net asset value per share (NAV)	1 220 cents	1 175 cents
Return on shareholders' equity (ROSHE)	12%	18,3%
Market price of Vuka shares on the JSE	1 150 cents	1 280 cents
Debt/Equity ratio	0,6:1	0,3:1
Current ratio	1,6:1	2,3:1
Acid-test ratio	0,9:1	2,1:1
Stock turnover rate	3 times	6,8 times
Debtors' collection period	45 days	35 days
Return on total capital employed (ROTCE)	11,9%	15,4%
Interest rate on alternative investments	9%	9%
Interest rate on loan	12,5%	12,5%



**QUESTION 4: CORPORATE GOVERNANCE****(15 marks; 10 minutes)****FRESH LTD. AND NIGHT OWL LTD.**

You are provided with the extracts from the independent audit reports of Fresh Ltd and Night Owl Ltd.

REQUIRED:

- 4.1 What kind of audit report was obtained by Fresh Ltd AND by Night Owl Ltd? (2)
- 4.2 Quote a statement from the given extract to support your choice provided in question 4.1 above. (2)
- 4.3 State any THREE impacts that the audit report Fresh Ltd received will have on the company. (3)
- 4.4 A recent news report alleged that Fresh Ltd landed an R18 million deal to supply organic vegetables to the supermarket chain, Cooleworths. Allegedly the CFO of Fresh Ltd paid R2.5 million to the Cooleworths CEO to secure the deal.
As a shareholder, explain what you would say at the AGM. Provide TWO points. (4)
- 4.5 After the news report, Fresh Ltd has set up a confidential tip-off phone line, managed by an independent company, to report unethical behaviour. Whistleblowers who provide information will be protected and remain anonymous.
In your opinion, explain why Fresh Ltd found it necessary to implement the above. Provide TWO points. (4)

INFORMATION:

Extract from the independent audit report of:	
FRESH LTD	NIGHT OWL LTD
We discovered that a sizable percentage of the transactions under test lacked documentation. We do not, therefore, express an opinion regarding the financial statements on 28 February 2025.	In our opinion, the financial statements fairly present, in all material respects, the financial position of this company on 28 February 2025.

15**TOTAL MARKS: 150**



GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Operating profit} \times 100}{\text{Sales}} \quad 1$
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.	

