



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING**  
**TASK 2: CONTROLLED TEST 1**  
**TERM 1: 19 MARCH 2025**  
**QUESTION PAPER**

**MARKS: 100**

**TIME: 90 MINUTES**

**This question paper consists of 9 pages,  
a formula sheet and a 7-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. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark 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	Company Financial Statements	50	45
2	Cash Flow Statement and Financial Indicators	28	25
3	Interpretation of Financial Information	12	10
4	Corporate Governance	10	10
<b>TOTAL</b>		<b>100</b>	<b>90</b>

**QUESTION 1: COMPANY FINANCIAL STATEMENTS**

**(50 marks; 45 minutes)**

**1.1 CONCEPTS**

Choose an explanation from COLUMN B that matches a concept in COLUMN A. Write only the letter (A–D) next to the question numbers (1.1.1–1.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	Shareholders	A	Ensures that the company complies with the tax requirements.
1.1.2	Limited liability	B	Make strategic and operational decisions for the company.
1.1.3	Directors	C	Shareholders' private assets cannot be claimed for paying the company's debts.
1.1.4	Auditor	D	Entitled to a share in the profits of the company.
		E	Express an opinion on the fair presentation of the financial statements at the end of the financial year.

(4 x 1) (4)

**1.2 TWENTY-FOUR LTD**

The information relates to Twenty-Four Ltd. for the financial year that ended on 28 February 2025.

**REQUIRED:**

**Complete the following for the year ended 28 February 2025:**

**1.2.1** Notes to the Statement of Financial Position:

- Ordinary Share capital (7)
- Retained Income (8)
- Trade and other receivables (11)

**1.2.2** Statement of Financial Position

**NOTE:** Show workings in brackets. (20)



**INFORMATION:**

**A List of balances, before considering all adjustments below on 28 February:**

	2025	2024
<b>Balance Sheet account section</b>		
Ordinary share capital	8 377 500	8 400 000
Retained Income		975 000
Mortgage loan: Shona Bank	1 400 000	
Fixed Assets (carrying value)	?	8 203 725
Fixed deposit: AME Bank	?	
Trading stock	?	
Debtors control	288 500	
Provision for bad debts		24 900
Creditors control	151 800	
Bank (favourable)	820 800	
Petty Cash	10 850	
Cash float	3 250	
SARS (provisional tax)	289 750	
<b>Nominal account section</b>		
Rent income	229 500	
Interest on fixed deposit	33 300	

**B Adjustments and additional information**

- (a) A debtor, K Koning, who owed R22 000 was retrenched from his job. A total of 25% of his debt must still be written off as irrecoverable. The amount received was already recorded.
- (b) Provision for bad debts must increase by R500.
- (c) An invoice of R28 500 was not recorded in the Creditors' control account.
- (d) Audit fees are still outstanding, R19 500.
- (e) One of the tenants went to attend a conference in Germany and will be back at the end of March 2025. The rent for March has been received. Take note that the rent increased by 10% on 1 November 2024.
- (f) Interest on fixed deposit is not capitalised and was received for nine months only. Provide for the outstanding interest.
- (g) **Fixed Assets:**
  - Assets bought during the year amounted to R1 215 000.
  - The old equipment was sold at carrying value of R572 000.
  - Depreciation for the year amounted to R196 725.

(h) **Share capital and dividends:**

Authorised share capital: 1 800 000 ordinary shares

DATE	TRANSACTION
1 March 2024	$\frac{2}{3}$ (two thirds) of the shares were in issue.
1 June 2024	180 000 shares were repurchased at R1,40 above the average share price.
31 August 2024	Interim dividends of R153 000 were paid.
1 November 2024	Additional shares were issued.
28 February 2025	Final dividends of 55 cents per share were payable to all shareholders on the share register.

(i) **Loan: Shona Bank**

Part of the loan balance will be paid in the next financial year. R?

- (j)
- Net profit after tax amounted to R858 000.
  - The income tax amounted to 25% of the net profit before tax.
- (k) The current ratio for 2025 was calculated at 1,5 : 1 after all adjustments were considered.

**QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS**

**(28 marks; 25 minutes)**

**LALA LTD**

You are provided with the information relating to Lala Ltd for the financial year ended 28 February 2025. The company is listed on the JSE.

**REQUIRED:**

**2.1** Calculate the following for the Cash Flow Statement on 28 February 2025:

- Income tax paid (4)
- Dividends paid (4)

**2.2** Calculate the amount for the purchase of fixed assets on 28 February 2025. (6)

**2.3** Calculate the following financial indicators for the year ended 28 February 2025:

- % Operating profit on sales (3)
- Acid-test ratio (4)
- Debt : Equity ratio (3)
- Net Asset Value per share (NAV) (4)



**INFORMATION:**

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

Sales	R 8 900 000
Operating profit	2 262 100
Depreciation	580 000
Interest on loan (capitalised)	270 000
Net profit before tax	1 777 000
Income tax	533 100

**B. Extract: Statement of Financial Position on 28 February**

	2025	2024
Fixed assets (carrying value)	R13 650 600	R13 590 000
Fixed deposit	240 000	370 000
Current assets	659 500	1 136 800
Inventories	276 500	373 200
Trade and other receivables	262 300	608 900
Cash and cash equivalents	120 700	54 700
Shareholders' equity	9 200 000	6 458 200
Loan from Sizwe Bank	2 300 000	1 800 000
Current liabilities	611 900	592 500
Trade and other payables	611 900	502 500
Bank overdraft	0	90 000

**C. Trade and other receivables**

	2025	2024
Trade debtors	250 300	524 850
Prepaid expenses	12 000	14 750
SARS – Income Tax	0	69 300
	262 300	608 900

**D. Trade and other payables**

	2025	2024
Trade creditors	252 100	255 000
SARS – Income Tax	19 800	0
Shareholders for dividends	340 000	247 500
	611 900	502 500

**E. Fixed assets:**

- Equipment was purchased during the financial year.
- An old vehicle was sold at a book value of R165 000 on 31 May 2024.

**F. Dividends and earnings:**

- An interim dividend was paid on 31 August 2024.
- A final dividend was declared on 28 February 2025.
- Total dividends for the year amounted to R835 000.

**G. Share capital:**

The share register of Lala Ltd had 1 600 000 shares on 28 February 2025.

**QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION**

**(12 marks; 10 minutes)**

**BENTLY LTD**

The information relates to Bently Ltd for the financial year that ended on 28 February 2025. The business sells toy cars imported from China.

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

**REQUIRED:**

**3.1 Profitability:**

The CEO is of the opinion that Bently Ltd is managing their expenses more efficiently in 2025 and is, therefore, more profitable. Quote TWO financial indicators (with figures) to either support or dispute this opinion.

(6)

**3.2 Liquidity:**

Comment on the liquidity position of the business on 28 February 2025. Quote TWO financial indicators.

(6)

**INFORMATION:**

**A. Extract: Financial Indicators on 28 February:**

	<b>2025</b>	<b>2024</b>
% Operating expenses on sales	28,2%	21%
% Operating profit on sales	13,6%	19,9%
% Net profit on sales	7,1%	9,2%
Current ratio	3,6 : 1	2,4 : 1
Acid-test ratio	0,6 : 1	1,2 : 1
Stock turnover rate	4 times	8 times

**12**



**QUESTION 4: CORPORATE GOVERNANCE**

**(10 marks; 10 minutes)**

**WALLNUTS LTD.**

Wallnuts Ltd has set a 2025 deadline to achieve its goals in three key areas outlined in its Corporate Social Responsibility (CSR) Strategy. The company emphasizes the importance of social responsibility across the interconnected pillars of People, Planet, and Profit.

- 4.1 Explain your understanding of corporate governance. (2)
- 4.2 Explain the concept of "Corporate Social Responsibility" (CSR). (2)
- 4.3 Explain why companies such as Wallnuts Ltd engage in Corporate Social Responsibility (CSR) initiatives. Provide TWO reasons. (4)
- 4.4 Explain why the directors of Wallnuts Ltd. should reflect their CSR projects in the annual report. (2)

**10**

**TOTAL: 100 MARKS**

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \times \frac{1}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \times \frac{1}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & 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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<b>NOTE:</b>	
* 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.	



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DEPARTMENT OF

**EDUCATION**

**SCHOOL:**

**LEARNER NAME & SURNAME:**

**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING**

**GRADE 12**

**TASK 2: CONTROLLED TEST 1**

**19 MARCH 2025**

**SPECIAL ANSWER BOOK**

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 7 pages.



**QUESTION 1**

1.1	1.1.1			4
	1.1.2			
	1.1.3			
	1.1.4			

**1.2.1 NOTES TO THE STATEMENT OF FINANCIAL POSITION:**

**ISSUED SHARE CAPITAL**

	Ordinary shares on 1 March 2024		
1 250 000	Ordinary shares on 28 February 2025	8 377 500	7

**RETAINED INCOME**

Balance on 1 March 2024	975 000	
Ordinary share dividends		
Interim dividends		
Balance on 28 February 2025		8

**TRADE AND OTHER RECEIVABLES**

Net trade debtors		
Trade debtors		
		11

1.2.2

<b>TWENTY-FOUR LTD</b>	
<b>STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025</b>	
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Fixed assets	
(8 203 725)	
Fixed Deposit: AME Bank	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	
(820 800)	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>SHAREHOLDERS EQUITY</b>	
Share capital	8 377 500
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	1 256 000
Trade- and other payables	
(151 800)	
<b>TOTAL EQUITY AND LIABILITIES</b>	

20
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<b>TOTAL MARKS</b>
50

**QUESTION 2**

**2.1 Calculate the following for the Cash Flow Statement on 28 February 2025:**

<b>Income Tax paid</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
		4
<b>Dividends paid</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
		4

**2.2 Calculate the amount for the purchase of fixed assets on 28 February 2025.**

<b>WORKINGS</b>	<b>ANSWER</b>	
		6



2.3

Calculate the following financial indicators for the year ended 28 February 2025:

<b>% Operating profit on sales</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

3

<b>Acid-test ratio</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

4

<b>Debt : Equity ratio</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

3

<b>Net Asset Value per share (NAV)</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

4

<b>TOTAL MARKS</b>
28

**QUESTION 3**

**BENTLY LTD**

**3.1 Profitability:**

The CEO is of the opinion that Bently Ltd is managing their expenses more efficiently in 2025 and is, therefore, more profitable. Quote TWO financial indicators (with figures) to either support or dispute this opinion.



6

**3.2 Liquidity:**

Comment on the liquidity position of the business on 28 February 2025. Quote TWO financial indicators.

6

<b>TOTAL MARKS</b>
12

**QUESTION 4:**

**WALLNUTS LTD**

4.1

**Explain your understanding of corporate governance.**

--

2

4.2

**Explain the concept of "Corporate Social Responsibility".**

--

2

4.3

**Explain why companies such as Wallnuts Ltd engage in Corporate Social Responsibility (CSR) initiatives. Provide TWO reasons.**

--

4

4.4

**Explain why the directors of Wallnuts Ltd. should reflect their CSR projects in the annual report.**

--

2

<b>TOTAL MARKS</b>
10

**TOTAL 100 MARKS**





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**GRADE 12**

**ACCOUNTING  
TASK 2: CONTROLLED TEST 1  
19 MARCH 2025  
MARKING GUIDELINES**

**MARKS: 100**

**MARKING PRINCIPLES:**

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

**These marking guidelines consist of 7 pages.**

**QUESTION 1: COMPANY FINANCIAL STATEMENTS**

1.1

1.1.1	D ✓	
1.1.2	C ✓	
1.1.3	B ✓	
1.1.4	E ✓	

4

1.2.1 **NOTES TO THE STATEMENT OF FINANCIAL POSITION:****ORDINARY SHARE CAPITAL**

If no brackets, check operation

1 200 000 ✓	<b>Ordinary shares on 1 March 2024</b>	8 400 000 ✓
(180 000) ✓	Shares repurchased (ASP: R7,00) ✓	(1 260 000) ✓
230 000 operation	Shares issued <b>balancing figure</b>	1 237 500 operation ✓
<b>1 250 000</b>	<b>Ordinary shares on 28 February 2025</b>	<b>8 377 500</b>

7

**RETAINED INCOME**

If no brackets, check operation

<b>Balance on 1 March 2024</b>	<b>975 000</b>
Net profit after tax	858 000 ✓
Shares repurchased (180 000 x 1,40)	(252 000) ✓✓
<b>Ordinary share dividends</b>	(840 500) ✓
<b>Interim dividends</b>	153 000 ✓
Final dividends (1 250 000 x 0,55)	687 500 ✓✓
<b>Balance on 28 February 2025</b>	<b>740 500</b> ✓

8

**TRADE AND OTHER RECEIVABLES**

<b>Net trade debtors</b>	257 600 ✓
22 000 – 16 500	
<b>Trade debtors</b> (288 500 ✓ – 5 500 ✓)	283 000 ✓
Provision for bad debts (24 900 + 500)	(25 400) ✓✓
Accrued income (33 300 / 9 x 3)	11 100 ✓✓
SARS - Income tax (289 750 – 286 000)	3 750 ✓✓
	<b>272 450</b> ✓

11



1.2.2

<b>TWENTY-FOUR LTD</b> <b>STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025</b>		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	TA - CA	9 540 000
<b>Fixed assets</b>	one part correct	8 650 000 ✓
(8 203 725 + 1 215 000 ✓ - 572 000 ✓ - 196 725 ✓)		
<b>Fixed Deposit: AME Bank</b>	balancing figure 5	890 000 ✓
<b>CURRENT ASSETS</b>	C.L X 1,5	1 884 000 ✓
<b>Inventories</b>	balancing figure	776 650 ✓
<b>Trade- and other receivables</b>	see 1.2.1 (c)	272 450 ✓
<b>Cash and cash equivalents</b>		834 900
(820 800 + 10 850 ✓ + 3 250 ✓)		
<b>TOTAL ASSETS</b>	check transfer from liabilities 5	11 424 000
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS EQUITY</b>		
<b>Share capital</b>		9 118 000 ✓
<b>Retained Income</b>	see 1.2.1 (b) 2	8 377 500
		740 500 ✓
<b>NON-CURRENT LIABILITIES</b>		
<b>Loan from Shona Bank (1 400 000 - 350 000)</b>	see CL 1	1 050 000 ✓
<b>CURRENT LIABILITIES</b>		
<b>Trade- and other payables</b>		1 256 000
(151 800 + 28 500 ✓ + 19 500 ✓ + 18 700 ✓)		218 500 ✓
	audit fee      rent income	
<b>Short term loan</b>	balancing figure	350 000 ✓
<b>Shareholders for dividends</b>	see 1.2.1 b	687 500 ✓
<b>TOTAL EQUITY AND LIABILITIES</b>	one part correct 7	11 424 000 ✓

20
----

<b>TOTAL MARKS</b>
50



**QUESTION 2**

2.1

Calculate the following for the Cash Flow Statement on 28 February 2025:	
<b>Income Tax paid</b>	
WORKINGS	ANSWER
$- 69\,300 \checkmark + 533\,100 \checkmark - 19\,800 \checkmark$ OR $+ 69\,300 - 533\,100 + 19\,800$	$444\,000 \checkmark$ one part correct
<b>Dividends paid</b>	
WORKINGS	ANSWER
$835\,000 \text{ one mark} - 340\,000 \text{ one mark}$ $247\,500 \checkmark + 495\,000 \checkmark \checkmark$ OR $247\,500 + 835\,000 - 340\,000$	$742\,500 \checkmark$ one part correct

4

4

2.2

Calculate the amount for the purchase of fixed assets on 28 February 2025.	
WORKINGS	ANSWER
$(13\,650\,600 \checkmark + 580\,000 \checkmark + 165\,000 \checkmark - 13\,590\,000 \checkmark)$ signs can be reversed accept T account	$(805\,600) \checkmark \checkmark$

6

2.3

Calculate the following financial indicators for the year ended 28 February 2025:

**% Operating profit on sales**

WORKINGS	ANSWER
$\frac{2\,262\,100 \checkmark \times 100}{8\,900\,000 \checkmark} = 25,4\%$	25,4% <input checked="" type="checkbox"/> one part correct and must x by 100

3

**Acid-test ratio**

WORKINGS	ANSWER
$\frac{659\,500 \text{ one mark} - 276\,500 \text{ one mark}}{383\,000 \checkmark \checkmark} = \frac{383\,000}{611\,900 \checkmark}$	0,6 : 1 <input checked="" type="checkbox"/> accept 0,62:1 / 0,63:1

4

**Debt : Equity ratio**

WORKINGS	ANSWER
$2\,300\,000 \checkmark : 9\,200\,000 \checkmark$	0,25:1 <input checked="" type="checkbox"/> Or 0,3:1

3

**Net Asset Value per share (NAV)**

WORKINGS	ANSWER
$\frac{9\,200\,000 \checkmark}{1\,600\,000 \checkmark} = 575$	575 cents <input checked="" type="checkbox"/> answer must be in cents to earn full marks

4

<b>TOTAL MARKS</b>
28

**QUESTION 3****BENTLY LTD****3.1 Profitability:**

The CEO is of the opinion that Bently Ltd is managing their expenses more efficiently in 2025 and is, therefore, more profitable. Quote TWO financial indicators (with figures) to either support or dispute this opinion.

Any TWO financial indicators ✓✓ figures with trend ✓✓ comment ✓✓

- % Operating expenses on sales increased from 21% to 28, 2% / by 7, 2% points.
- % Net Profit on sales decreased from 9, 2% to 7% / by 2, 2% points.

**Comment:**

All indicators show a decline in profits / expenses are not well managed, with increases higher than the inflation rate of 6%.

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6

**3.2 Liquidity:**

Comment on the liquidity position of the business on 28 February 2025. Quote TWO financial indicators.

Any TWO financial indicators ✓✓ figures with trend ✓✓ comment ✓✓

- Current Ratio increased from 2, 4: 1 to 3, 6:1.
- Acid – Test Ratio decreased / dropped from 1, 2: 1 to 0, 6:1.
- Stock turnover rate decreased / dropped from 8 times to 4 times

**Comment:**

Part marks for incomplete / partial / unclear responses; figures may be included in the explanation

Expected comments – any one valid comment for two marks:

Too much cash held in the form of stock / Poor management of working capital or cash flow / Difficulty to meet short-term debts / Low demand for stock.

6

<b>TOTAL MARKS</b>
12



**QUESTION 4:**

**WALLNUTS LTD**

4.1

**Explain your understanding of corporate governance.**

Be aware of alternative valid responses/ Marks for incomplete / partial answers ✓✓

Corporate governance is the rules and practices that ensure that the decision-making processes in any business are accountable, fair, and transparent, and the reputation of the business is also protected by this.

2

4.2

**Explain the concept of “Corporate Social Responsibility”.**

Be aware of alternative valid responses/ Marks for incomplete / partial answers ✓✓

- Give back to the community and look after the immediate environment in a sustainable way.
- CSR expresses a situation in which a company not only strives for economic gains but also adopts a broader view and takes responsibility for its impact on society.

2

4.3

**Explain why companies such as Wallnuts Ltd engage in Corporate Social Responsibility (CSR) initiatives. Provide TWO reasons.**

TWO valid and different points ✓✓ ✓✓ Part marks for incomplete / partial answer

- This is part of good governance or, according to King Code
- Improve reputation of company / Goodwill
- Compliance with policies
- Tax implications
- BEE points / triple bottom line (economic, social and environment).

4

4.4

**Explain why the directors of Wallnuts Ltd. should reflect their CSR projects in the annual report.**

ONE valid point ✓✓

- Be included in the Director’s Report (future plans) and impact on the budgeting for the next financial year / Materiality principle

FOR ONE MARK:

- Good for the business image.

2

<b>TOTAL MARKS</b>
<b>10</b>

**TOTAL 100 MARKS**