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PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

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**ACCOUNTING P1  
JUNE 2025  
QUESTION PAPER**

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**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 14 pages,  
a formula sheet and a 10-page answer book.**



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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 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	Financial Statements	60	50
2	Cash Flow Statement, and Financial Indicators	40	30
3	Interpretation of Company Financial Information	35	30
4	GAAP, Audit Report, and Corporate Governance	15	10
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: FINANCIAL STATEMENTS****(60 marks; 50 minutes)****HE-LECTRIX LTD**

You are given the financial details of He-Lectrix Ltd for the year ending 28 February 2025. The company trades in Solar power system installation and maintenance. He-Lectrix Ltd adds a standard markup of 200% on the cost of goods sold.

**REQUIRED:**

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

- |      |   |      |
|------|---|------|
| 1.1  | Statement of Comprehensive Income                               | (35) |
| 1.2. | Retained Income note  | (8)  |
| 1.3  | Statement of Financial Position; Equity and Liabilities Section | (17) |





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**INFORMATION:****NOTE: SOME AMOUNTS ARE PROVIDED IN THE ANSWER BOOK****A Extract: Balances from the Financial Statements on 29 February 2024**

Balance Sheet Section	R
Ordinary share capital	37 440 000
Retained income	16 420 000
Equipment	1 160 000
Accumulated depreciation on Equipment	935 000
Provision for bad debts	23 500
Consumable stores on hand (consumable stores)	1 250

**B Extract: Balances/ totals from Pre-Adjustment Trial Balances for the year ended 28 February 2025**

Balance Sheet Section	R
Trading stock	695 000
Debtors' control	578 000
SARS: Income tax (provisional payment)	546 100
Loan: Scrooge Bank (8% p.a.)	312 000
Creditors control	714 000
Nominal Accounts Section	
Sales	15 900 000
Cost of sales	5 300 000
Debtors' allowances	420 000
Discount allowed	23 850
Fee income	?
Discount received	45 500
Consumable stores	45 700
Ordinary share dividends	928 000

**C Shares and dividends:**

DATE	DETAILS OF SHARES AND DIVIDENDS
1 March 2024	4 800 000 ordinary shares in issue.
31 May 2024	1 000 000 Additional Ordinary shares issued at R8,96
30 September 2024	Interim dividends of R928 000 were paid. It was recorded.
1 February 2025	250 000 Shares repurchased at R9,95 each.
28 February 2025	A final dividend of 18 cents per share was declared. Repurchased shares qualify for the final dividends.

**D Additional information and adjustments that still need to be considered:**

- (a) The R7 200 water bill for February 2025 has not yet been paid to the Municipality.
- (b) A R32 000 payment for an advertisement campaign placed with News27 in February is still outstanding. News27 bought an extra solar panel for R7 500 from He-Lectrix Ltd, but the sale hasn't been recorded. It was agreed that He-Lectrix Ltd could subtract this amount from the unpaid advertisement payment.
- (c) The company donated a solar system to a local daycare, resulting in a missed gross profit of R12 400 since the goods were not sold.
- (d) Consumable Stores:  
The bookkeeper forgot to reverse the transaction for the consumable stores on hand on the 1<sup>st</sup> of March 2024.  
Consumable stores worth R2 250 were ordered and recorded, but they have not been delivered yet as the supplier is still waiting for certain items from Germany.  
The annual stock take indicated the following was on hand on 28 February 2025:
- |                     |           |
|---------------------|-----------|
| • Consumable stores | R 1 960   |
| • Trading Stock     | R 672 000 |
- (e) Depreciation on equipment is calculated at 20% per annum using the cost price method.
- (f) When the tenant began renting on 1 March 2024, it was agreed that the rent would increase by only 5% on 1 November 2024, provided the tenant paid the R9 000 deposit for rent. The deposit was received but not recorded. The tenant still owes rent for February.
- (g) The bank statement for February 2025 was received, highlighting the following items:
- He-Lectrix Ltd has not yet recorded bank charges R390 and interest on the credit bank balance of R450.
  - An EFT payment of R7 200 was recorded in the books of He-Lectrix Ltd to settle an R8 000 account with a creditor. However, the bank could not process the payment due to an incorrect account number being entered by He-Lectrix Ltd.
- (h) A debtor who owed R9 600 was declared insolvent. The estate has paid 45 cents on the rand, and the remaining balance must be written off as bad debt. No entries have been made for either of these transactions.
- (i) The provision for bad debts must be adjusted to R22 736.
- (j) A loan repayment of R24 000 is due on 31 May 2025.
- (k) After all adjustments, an amount of R14 900 is still owed to SARS for the company tax.
- (l) The earnings per share (EPS) was calculated at 26c on 28 February 2025.

**QUESTION 2: CASH FLOW STATEMENT, AND FINANCIAL INDICATORS****(40 marks; 30 minutes)****2.1 DISKOM LTD**

The information relates to Diskom Ltd for the financial year ended 30 April 2025.

**REQUIRED:**

- 2.1.1 Complete the Ordinary Share Capital note. (9)
- 2.1.2 Complete the following sections of the Cash Flow Statement:
- Cash effects from operating activities (10)
  - Cash effects from investing activities (7)
- 2.1.3 Calculate the following financial indicators on 30 April 2025:
- Current ratio (4)
  - % Return on average total capital employed (ROTCE) (6)
  - Interim dividends per share (4)

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**INFORMATION:****A Extract from the Statement of Comprehensive Income on 30 April 2025:**

Sales	3 188 150
Depreciation	413 000
Interest expense	78 000
Net profit after tax	637 630

**Note:** The income tax rate is 30%.

**B Extract from the Statement of Financial Position on 30 April:**

	2025	2024
Fixed assets (carrying value)	4 094 900	3 830 000
Financial assets	190 000	
Inventories	720 800	520 000
Trade and other receivables	240 000	356 000
Cash and cash equivalents	56 600	6 500
Shareholders' equity	6 062 000	5 124 800
Ordinary share capital	5 852 000	?
Retained income	210 000	420 800
Trade and other payables		90 440
SARS: Income tax	21 270 Dr	36 600 Cr
Shareholders for dividends	?	265 000
Bank Overdraft	0	38 400
Current liabilities	360 700	430 440
Capital Employed	7 100 000	6 000 800

**C Fixed assets:**

- Extensions to land and buildings were completed during the year at a cost of R830 400.
- A vehicle was sold during the year at carrying value.

**D Share capital and dividends:**

DATES	DETAILS OF SHARES AND DIVIDENDS
	2 100 000 authorised ordinary shares
1 May 2024	70% of the authorised shares were issued.
30 June 2024	300 000 additional shares were issued
30 September 2024	An interim dividend was paid, R318 600
31 January 2025	230 000 shares were repurchased

**QUESTION 3: INTERPRETATION OF COMPANY FINANCIAL INFORMATION****(35 marks; 30 minutes)****REQUIRED:****3.1 CONCEPTS**

Match the concepts listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–G) next to each number (3.1.1–3.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Liquidity	A	Operating efficiency of the business.
3.1.2	Profitability	B	Provides credibility in the global economy to financial statements.
3.1.3	Solvency	C	Should be compared to the interest rates on investments offered by banks.
3.1.4	IFRS	D	Current asset : Current Liabilities
3.1.5	ROSHE	E	Interested in the profitability of the company.
		G	Total assets : Total liabilities

**(5 x 1 = 5)**

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

**3.2 ELSA LTD. AND ANNA LTD.**

You are presented with the financial information of two similar-sized companies operating in the frozen food sector. The financial year ended on 28 February 2025 for both companies.

- 3.2.1 The CEO of Anna Ltd believes that the company has shown a positive improvement in their liquidity situation because the current ratio has increased significantly to 3,6 : 1. Explain whether he is correct or not by quoting ONE other financial indicator, with figures, to support your answer. (4)
- 3.2.2 Calculate and compare the dividend pay-out policy of each company. (4)  
Give a possible reason why one company opted to adjust their policy. (2)
- 3.2.3 Elsa Ltd decided to increase their loans during the current financial year, whilst Anna Ltd chose to maintain their existing loans. Quote ONE financial indicator and comment on the degree of gearing of each company. (8)
- 3.2.4 A shareholder of Anna Ltd is worried because the value of the company's shares has gone down. Describe the reason for his concern. Quote and explain TWO financial indicators to support your answer. (4)

- 3.2.5 Olaf Snow owns 528 000 shares in Anna Ltd. He inherited R350 000 from his wealthy Uncle Kristoff, who sadly passed away. When Anna Ltd issued new shares on 1 December 2024, Olaf had the chance to purchase an additional 84 000 shares at 410 cents each. However, he chose to spend the R350 000 on a luxurious Christmas holiday in New York with his girlfriend instead of buying the extra shares.

Clarify why Olaf's decision was a mistake. Discuss his % shareholding and provide TWO additional reasons, supported by figures or calculations, to support your explanation.

(8)

**INFORMATION:**

	ELSA LTD		ANNA LTD	
	2025	2024	2025	2024
Current ratio	1,9 : 1	2,1 : 1	3,6 : 1	2,8 : 1
Acid test ratio	1,3 : 1	1,4 : 1	1,5 : 1	1,5 : 1
Dividends per share	45 cents	65 cents	60 cents	62 cents
Earnings per share	86 cents	80 cents	70 cents	72 cents
% return on average shareholders' equity	13%	11%	11,6%	12%
% return on average capital employed	15%	12%	11,7%	13%
Debt/equity ratio	0,6 : 1	0,3 : 1	0,4 : 1	0,4 : 1
Net asset value per share	642 cents	630 cents	610 cents	618 cents
Market price per share	645 cents	622 cents	582 cents	615 cents
Total number of shares issued			1 200 000	1 100 000
Interest rate on loans	13%		13%	



**QUESTION 4: GAAP, AUDIT REPORT AND CORPORATE GOVERNANCE****(15 marks; 10 minutes)****4.1 GAAP PRINCIPLES**

Match the GAAP principles listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–E) next to each number (4.1.1–4.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
4.1.1	Matching	<b>A</b>	The owner's personal matters should be kept separate from the business records.
4.1.2	Historical cost	<b>B</b>	Major expenses, such as audit fees, should be presented separately in the financial statements.
4.1.3	Materiality	<b>C</b>	Losses should be recorded as soon as they are identified, even if they might be recovered later.
4.1.4	Business Entity	<b>D</b>	Income and expenses must be recorded in the period they are earned or incurred.
		<b>E</b>	Assets are recorded at the purchase price, regardless of whether the market price is higher.

**(4)****4.2 AUDIT REPORT AND CORPORATE GOVERNANCE****BARBI LTD.**

An extract from the audit report of Barbi Ltd. is provided below.

**REQUIRED:**

- 4.2.1 Explain the role of the independent auditor. (2)
- 4.2.2 Did Barbi Ltd receive a qualified, unqualified, or a disclaimer audit report? Explain your choice. (2)
- 4.2.3 To whom is the audit report addressed? (1)
- 4.2.4 The marketing expense on the Statement of Comprehensive Income relates to a spa and beauty treatment day arranged by the CEO for her friends. The CEO recommended to the external auditor that this transaction be excluded.
- The external auditor was not willing to do this. Briefly explain why he feels this way. (2)
  - Provide TWO consequences for the auditor if he agrees to the recommendation of the CEO. (4)



**INFORMATION:****EXTRACT FROM THE REPORT OF THE INDEPENDENT AUDITORS****Audit opinion:**

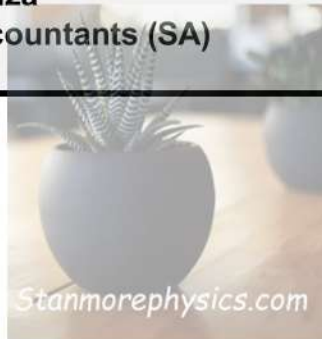
In our opinion, the financial statements fairly represent the financial position of Barbi Limited on 28 February 2025, except for the marketing expense in the Statement of Comprehensive Income which could not be verified, as no documentation existed for this expenditure.

**Marley & Kazuza**  
**Chartered Accountants (SA)**

**10 April 2025**

**15**

**TOTAL: 150**





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**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	
$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales}} \quad 1$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors} \times 365}{\text{Credit sales}} \quad 1$	$\frac{\text{Average creditors} \times 365}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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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**ACCOUNTING P1**

**GRADE 12**

**JUNE 2025**

**SPECIAL ANSWER BOOK**

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 10 pages.



**QUESTION 1****HE-LECTRIX LTD****NOTE: FIGURES ARE NOT REQUIRED IN THE SHADED AREAS****1.1 Statement of Comprehensive Income for the year ended 28 February 2025**

Sales (15 900 000)	
Cost of sales (5 300 000)	
Gross profit	
Operating income	512 864
Fee income	
Rent income (89 200)	
Discount received (45 500)	
Operating expenses	
Insurance	62 400
Sundry expenses	3 392 585
Employers contributions	136 740
Salaries & wages	4 094 100
Discount allowed	23 850
Consumable stores (45 700)	
Water Account (79 400)	
Bank charges (4 290)	
Advertising (516 000)	
Bad debts (45 200)	
Operating profit	
Interest income	
Operating profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	
Net profit after tax	

**1.2 RETAINED INCOME**

Balance at the beginning	16 420 000
Interim dividends	928 000

8

**1.3 EQUITY AND LIABILITIES**

<b>SHAREHOLDER EQUITY</b>	
Ordinary share capital	44 400 000
Retained Income	
<b>NON - CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	

17

**TOTAL MARKS**

60

**QUESTION 2****2.1 DISKOM LTD****2.1.1**

ORDINARY SHARE CAPITAL		
	Issued shares on 1 May 2024	
	Shares issued during the year	
(230 000)		
	Issued shares on 30 April 2025	5 852 000

9

**2.1.2 Complete the following section of the Cash Flow Statement:**

CASH EFFECTS FROM OPERATING ACTIVITIES	
Cash generated by operations	1 317 100
Interest paid	

10

CASH EFFECTS FROM INVESTING ACTIVITIES	
Proceeds from the sale of fixed assets	
Change in financial assets	190 000

7

**2.1.3 Calculate the following Financial Indicators on 30 April 2025****Current ratio**

WORKINGS	ANSWER

4

**% Return on average total capital employed (ROTCE)**

WORKINGS	ANSWER

6

**Interim dividends per share**

WORKINGS	ANSWER

4

**TOTAL MARKS**

40



**QUESTION 3****3.1**

Match the concepts listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–G) next to each number (3.1.1–3.1.5) in the ANSWER BOOK.

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

**3.2.1**

The CEO of Anna Ltd believes that the company has shown a positive improvement in their liquidity situation because the current ratio has increased significantly to 3,6 : 1. Explain whether he is correct or not by quoting ONE other financial indicator, with figures, to support your answer.

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4

**3.2.2**

Calculate and compare the dividend pay-out policy of each company.

ELSA LTD	
ANNA LTD	

4

Give a possible reason why one company opted to adjust their policy.

2

- 3.2.3** Elsa Ltd decided to increase their loans during the current financial year, whilst Anna Ltd chose to maintain their existing loans. Quote ONE financial indicator and comment on the degree of gearing of each company.

**ELSA LTD**

**ANNA LTD**

8

- 3.2.4** A shareholder of Anna Ltd is worried because the value of the company's shares has gone down. Describe the reason for his concern. Quote and explain TWO financial indicators to support your answer.

4

**3.2.5 Clarify why Olaf's decision was a mistake. Discuss his % shareholding and provide TWO additional reasons, supported by figures or calculations, to support your explanation.**

**%SHAREHOLDING:**



**TWO POINTS:**



8

**TOTAL MARKS**

**35**

**QUESTION 4****4.1 GAAP PRINCIPLES**

Match the GAAP principles listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–E) next to each number (4.1.1–4.1.4) in the ANSWER BOOK.

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

**4.2 AUDIT REPORT AND CORPORATE GOVERNANCE**

4.2.1 Explain the role of the independent auditor.

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2

4.2.2 Did Barbi Ltd receive a qualified, unqualified, or a disclaimer audit report? Explain your choice.

2

4.2.3 To whom is the audit report addressed?

1



4.2.4

The marketing expense on the Statement of Comprehensive Income relates to a spa and beauty treatment day arranged by the CEO and her friends. The CEO recommended to the external auditor that this transaction be excluded.

- The external auditor was not willing to do this. Briefly explain why he feels this way.



- Provide TWO consequences for the auditor if he agrees to the recommendation of the CEO.

2

4

TOTAL MARKS

15

TOTAL: 150



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**GRADE 12**

**ACCOUNTING P1  
JUNE 2025  
MARKING GUIDELINES**

**MARKS: 150**

**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 10 pages.**

## QUESTION 1

## HE-LECTRIX LTD

## 1.1 Statement of Comprehensive Income for the year ended 28 February 2025

Sales (15 900 000 – 420 000 + 7 500)	15 487 500 ✓✓*
$7\,500 \times \frac{100}{300}$	(5 302 500) ✓*
Cost of sales (5 300 000 + 2 500 ✓)	
Gross profit	10 185 000 ✓
Operating income	512 864
Fee income	369 800 ✓
Rent income (89 200 + 8 400 ✓✓)	97 600 ✓*
Discount received (45 500 – 800)	44 700 ✓
Provision for bad debts adjustment (23 500 – 22 736 )	764 ✓✓
Operating gross profit (GP +OI) operation 8	10 697 864 ✓
Operating expenses	(8 687 674) ✓
Insurance	62 400
Sundry expenses	3 392 585
Employers contributions	136 740
Salaries & wages	4 094 100
Discount allowed	23 850
Consumable stores (45 700 + 1 250 ✓ – 2 250 ✓ – 1 960 ✓)	42 740 ✓
Water Account (79 400 + 7 200)	86 600 ✓
Bank charges (4 290 + 390)	4 680 ✓
Advertising (516 000 + 32 000)	548 000 ✓
$9\,600 \times \frac{55}{100}$	50 480 ✓*
Bad debts (45 200 + 5 280 ✓)	
Donations $12\,400 \times \frac{100}{200}$ gross profit=200	6 200 ✓✓*
See donations see COS	14 300 ✓*
Trading stock deficit (695 000 – 6 200 ✓ – 2 500 ✓ – 672 000 ✓)	
Depreciation (1 160 000 – 935 000 – 1)	224 999 ✓✓✓*
Operating profit 19	
Interest income	
Operating profit before interest expense	
Interest expense	
Net profit before tax	
Income tax 3	
$5\,550\,000 \times 26\%$ ✓	1 443 000 ✓
Net profit after tax (4 800 000 + 1 000 000 – 250 000)	

\* 1 part correct and/or correct operation  
 – 1 foreign items (max – 2); misplaced items (T/S deficit only), award marks for workings only  
 Ignore brackets, check correct operation for balancing figures.



## 1.2 RETAINED INCOME

Balance at the beginning		16 420 000
Net profit after tax	see 1.1	1 443 000 ✓
Buy back of shares (250 000 x 1,95 ✓✓)	(R9,95 – R8) ignore brackets	(487 500) ✓
Ordinary share dividends	operation, ignore brackets	(1 972 000) ✓
Interim dividends		928 000
Final (4 800 000 + 1 000 000) 5 800 000 ✓ x 18 cents		1 044 000 ✓
	Inspect operation from top, must subtract SBB and OSD	15 403 500 ✓

8

## 1.3 EQUITY AND LIABILITIES

SHAREHOLDER EQUITY	operation	59 803 500 ✓
Ordinary share capital		44 400 000
Retained Income	see 1.2	15 403 500 ✓
	2	
NON - CURRENT LIABILITIES	3	288 000
Loan		
312 000 ✓ – 24 000 ✓		288 000 ✓*
CURRENT LIABILITIES	operation	1 845 600 ✓
Trade & other Payables		
714 000 ✓ + 8 000 ✓ + 32 000 ✓ - 7 500 ✓ + 7 200 ✓ 7 200 + 800		753 700 ✓*
Deposit: Rent income		9 000 ✓
Current portion of loan		24 000 ✓
Shareholders for dividends	see 1.2	1 044 000 ✓
SARS (Income tax)		14 900 ✓
TOTAL EQUITY AND LIABILITIES	12	61 937 100 ✓*

\* 1 part correct and/or correct operation

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17

TOTAL MARKS

60



**QUESTION 2****2.1 DISKOM LTD****2.1.1 ORDINARY SHARE CAPITAL**

2 100 000 X 70% 1 470 000✓	Issued shares on 1 May 2024	4 704 000✓✓
300 000 ✓	Shares issued during the year	2 022 000✓ Balancing figure
(230 000)	Repurchase of shares. ASP: R3,80✓ (5 852 000 ÷ 1 540 000)	(874 000)✓ one part correct, ignore brackets
1 540 000✓ one part correct, SBB subtracted	Issued shares on 30 April 2025	5 852 000

9

**2.1.2 Complete the following section of the Cash Flow Statement:**

<b>CASH EFFECTS FROM OPERATING ACTIVITIES</b>	3 24 360 ✓
Cash generated by operations	1 317 100
Interest paid must be in brackets	(78 000)✓
Dividends paid 318 600 ✓ + 265 000✓ OR -318 600 – 265 000 Be alert to alternative methods of calculations	(583 600)✓ must be in brackets 2 marks without brackets
Taxation paid (637 630 × $\frac{30}{70}$ ) two marks 36 600✓ + 273 270 ✓✓ + 21 270 ✓ OR -36 600 – 273 270 – 21 270 Be alert to alternative methods of calculations.	(331 140)✓ must be in brackets 4 marks without brackets

10

<b>CASH EFFECTS FROM INVESTING ACTIVITIES</b>	(487 900) ✓*
Purchase of fixed assets	(830 400)✓*
Proceeds from the sale of fixed assets 4 094 900✓ + 413 000 ✓ - 830 400✓ - 3 830 000 ✓ -4 094 900 – 413 000 + 830 400 + 3 830 000 Be alert to alternative methods of calculations e.g. Ledger format.	152 500 ✓ Do not accept brackets 4 marks with brackets
Change in financial assets	190 000

\*must be in brackets

7

**2.1.3 Calculate the following Financial Indicators on 30 April 2025:**

Current ratio	
WORKINGS	ANSWER
<p>all 3 figures for 2 marks, 2 or nothing</p> $[720\,800 + 240\,000 + 56\,600] \checkmark \checkmark : 360\,700 \checkmark$ <p>1 017 400 two marks</p>	<p>2,8 : 1 <input checked="" type="checkbox"/></p> <p>One part correct in the form of x:1</p>

4

% Return on average total capital employed (ROTCE)	
WORKINGS	ANSWER
<p> <math>637\,630 \times (100 \div 70)</math> two marks  <math>(910\,900 + 78\,000)</math> three marks  <math>988\,900 \checkmark \checkmark \checkmark</math>  <math>\frac{988\,900}{\frac{1}{2}(7\,100\,000 \checkmark + 6\,000\,800 \checkmark)} \times 100</math>  <math>6\,550\,400</math> two marks </p> <p>*100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	<p>15,1% <input checked="" type="checkbox"/></p> <p>One part correct &amp; if ½ is used % sign not necessary Accept 15%</p>

6

Interim dividends per share	
WORKINGS	ANSWER
<p> <math>\frac{318\,600 \checkmark}{(1\,470\,000 \checkmark \text{ see 2.1.1} + 300\,000 \checkmark)} \times 100</math>  <math>1\,770\,000</math> two marks </p> <p>*100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	<p>18c <input checked="" type="checkbox"/></p> <p>one part correct; Accept R0,18 Must be expressed as R or c</p>

4

**TOTAL MARKS**

40

**QUESTION 3: INTERPRETATION OF COMPANY INFORMATION**

3.1

Match the concepts listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–G) next to each number (3.1.1–3.1.5) in the ANSWER BOOK.

3.1.1	D ✓
3.1.2	A ✓
3.1.3	G ✓
3.1.4	B ✓
3.1.5	C ✓

5

3.2.1

The CEO of Anna Ltd believes that the company has shown a positive improvement in their liquidity situation because the current ratio has increased significantly to 3,6 : 1. Explain whether he is correct or not by quoting ONE other financial indicator, with figures, to support your answer.

Financial indicator ✓ (with figures and trend) ✓      Comment ✓✓

The acid test ratio is consistent at 1,5 : 1.

Anna Ltd is not managing stock effectively. Whilst they would not experience cash flow problems, they are holding too much stock which may contribute to low profitability.

4

3.2.2

Calculate and compare the dividend pay-out policy of each company.

ELSA LTD	Dividend pay-out rate is 52% (45/86) in 2025, compared to 81% (65/80) in 2024 ✓✓
ANNA LTD	Dividend pay-out rate is 86% (60/70) in 2025 and 86% (62/72) in 2024. Anna Ltd has maintained the dividend pay-out rate at 86% ✓✓

4

Give a possible reason why one company opted to adjust their policy.

Any ONE reason ✓✓

part marks for incomplete / partial answers

Elsa Ltd is retaining earnings to concentrate on growth.

Elsa Ltd wants to ease cash-flow problems and continue managing expenses to improve profitability.

Elsa Ltd wants to sustain the trend of increasing profitability and return on equity so shareholders can see the long-term prospects of the company.

2



- 3.2.3 Elsa Ltd decided to increase their loans during the current financial year, whilst Anna Ltd chose to maintain their existing loans. Quote ONE financial indicator and comment on the degree of gearing of each company.**

**ELSA LTD**

ROTCE ✓  
with figures & trend ✓

Comment:  
Interest rate &  
Positively geared ✓  
Interpretation ✓

ROTCE increased from 12% to 15% (do not accept debt:equity ratio)

The loan is being effectively used to improve profitability. The interest rate on loans is 13%. Business is positively geared so the decision was appropriate.

**ANNA LTD**

ROTCE ✓  
with figures & trend ✓

Comment:  
Interest rate &  
Negatively geared ✓  
Interpretation ✓

ROTCE decreased from 13% to 11,7% (do not accept debt:equity ratio)

The loan is not being effectively used as the business is negatively geared with the interest on loans at 13%. It would be wise to start paying back the loan or improve strategies to improve profitability.

8

- 3.2.4 A shareholder of Anna Ltd is worried because the value of the company's shares has gone down. Describe the reason for his concern. Quote and explain TWO financial indicators to support your answer.**

Comparing market price and NAV of Anna Ltd ✓ ✓

The market price of 582 cents is lower than the net asset value (NAV) of 610 cents/ the market price is 28 cents lower than the net asset value (NAV)/ NAV is 28 cents higher than the market price.

Comment ✓ ✓ part marks for incomplete / partial answers

This reflects that public demand for shares is low/ public confidence in the company has decreased.

4



**3.2.5 Clarify why Olaf's decision was a mistake. Discuss his % shareholding and provide TWO additional reasons, supported by figures or calculations, to support your explanation.**

**%SHAREHOLDING:**

His %shareholding dropped from 48% ✓✓ (528 000/ 1 100 000) to 44% ✓✓ (528 000/1 200 000).

**TWO POINTS:**

point ✓ ✓ figure/calculation ✓ ✓

- The additional shares would have made him the majority shareholder with 612 000 shares = 51% (612 000/1 200 000) of the total shares issued.
- His net worth/potential profit/ investment would have increased because the shares offered at 410 cents are 172 cents below the market price of 582 cents, and he would gain  $84\,000 \times R1,72 = R144\,480$ .
- He had enough money to buy the 84 000 new shares  $\times R4,10 = R344\,400$ .

8

**TOTAL MARKS**

35

**QUESTION 4: GAAP, AUDIT REPORT AND CORPORATE GOVERNANCE****4.1 GAAP PRINCIPLES**

Match the GAAP principles listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–E) next to each number (4.1.1–4.1.4) in the ANSWER BOOK.

4.1.1	D ✓
4.1.2	E ✓
4.1.3	B ✓
4.1.4	A ✓

4

**4.2 AUDIT REPORT AND CORPORATE GOVERNANCE****4.2.1 Explain the role of the independent auditor.**

Valid explanation ✓✓

He/she is expected to express an unbiased opinion on the reliability of the financial statements of a company after conducting an audit.

2

**4.2.2 Did Barbi Ltd receive a qualified, unqualified, or a disclaimer audit report? Explain your choice.**

Qualified Report ✓

Explanation ✓

An exception to fair presentation was noted in the form of the marketing expenses/ Not everything in the report was 100% correct/ the financial statements were fairly represented except for the marketing expenses.

Any valid explanation for qualified.

2

**4.2.3 To whom is the audit report addressed?**

The shareholders ✓

Do not accept directors

1

4.2.4

The marketing expense on the Statement of Comprehensive Income relates to a spa and beauty treatment day arranged by the CEO and her friends. The CEO recommended to the external auditor that this transaction be excluded.

- The external auditor was not willing to do this. Briefly explain why he feels this way.

Valid explanation ✓✓

Professional integrity / reputation of the auditing firm / agreeing to corruption/ he does not want to be unethical/ this is against the law.

2

- Provide TWO consequences for the auditor if he agrees to the recommendation of the CEO.

Any two valid consequences ✓✓ ✓✓  
check for repetition of the same type of consequence, i.e. hearing vs. suspension

- May face disciplinary action (hearing/ suspension/ dismissal/ fine).
- Bad reputation/ image.
- May be struck off the roll and will not be able to practice in the future.
- Legal action can be taken against the auditor.

4

TOTAL MARKS

15

TOTAL: 150