



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P1
PREPARATORY EXAMINATION
SEPTEMBER 2025

MARKS: 150

TIME: 2 HOURS

This question paper consists of 11 pages including a formula sheet
and an Answer Book of 10 pages.

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 the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the 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 and table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Fixed assets and Statement of Financial Position	55	45
2	Cash Flow Statement and Financial Indicators	45	35
3	Interpretation of Financial Statements	35	25
4	Corporate Governance and Audit Reports	15	15
TOTAL		150	120

QUESTION 1**(55 Marks; 45 Minutes)****FIXED ASSETS AND STATEMENT OF FINANCIAL POSITION**

The information relates to Thanda LTD for the financial year ended 28 February 2025.
1 800 000 shares were in-issue on 28 February 2025.

REQUIRED: downloaded from stanmorephysics.com

- 1.1 Refer to information B for fixed assets and correction of net profit before tax for the year ended 28 February 2025:
- 1.1.1 Calculate the missing amounts denoted by (a) to (d) on the fixed asset note. (14)
- 1.1.2 Calculate profit/loss on the sale of equipment on 1 October 2024. (3)
- 1.1.3 Use the table provided to calculate the correct net profit after tax for the year ended 28 February 2025. Indicate '+' for an increase and '-' for a decrease. (13)
- 1.2 Complete the Statement of Financial Position as at 28 February 2025. (25)

INFORMATION:**A. List of balances, before taking into account all adjustments below:**

	2025 R	2024 R
Ordinary share capital	?	?
Retained Income	3 000 000	?
Mortgage loan: Sethu Bank	3 620 000	4 100 000
Fixed assets	?	
Fixed deposit	810 000	
SARS : Income tax (provisional tax payment)	128 000	
Trade debtors	751 800	
Bank overdraft	170 000	
Petty cash	350 000	
Creditors control	550 000	
Accrued expense	8 000	
Shareholders for dividends	650 000	420 000
Provision for bad debts	?	40 000

B. Adjustments and additional information:

- (a) Net profit before tax R 1 049 749, was calculated before correcting (i) to (vi)

(i) Fixed assets :

The business is having two vehicles on 28 February 2025. The second vehicle was purchased on 1 November 2024.

Vehicles are depreciated at 15% p.a. on cost.

Equipment was sold for R40 550 on 1 October 2024. Accumulated depreciation on the equipment sold was R36 000 on 1 March 2024.

Equipment are depreciated at 20% p.a. on the diminishing balance method.

Extract of the fixed assets note:

	Vehicles	Equipment
Cost at the beginning	460 000	360 000
Accumulated depreciation	(396 700)	(150 000)
Carrying value at the beginning	(a)	210 000
Movements		
Additions	510 000	0
Disposal at carrying value	0	(b)
Depreciation	(c)	(d)
Carrying value at the end		
Cost at the end	970 000	285 000
Accumulated depreciation		

- (ii) The account of lwazi Nkwanyana a debtor, R1 800 must be written off.
- (iii) Provision for bad debts must be adjusted to 5% of outstanding debtors.
- (iv) Rent of R158 000 was received from a tenant for the period 1 March 2024 to 30 April 2025. This amount takes into account reduction of R2 500 per month from 1 January 2025. **The year-end adjustment has not yet been taken into account.**
- (v) The repayments on the loan are fixed at R40 000 per month (including capitalised interest).

The balances as per loan statement were as follows:

- 1 March 2024 R4 100 000
- 28 February 2025 R3 800 000

Provide for interest on loan.

- (vi) After taking into account the corrections above, it was determined that an additional R91 000 is still owed to SARS in respect of income tax for the year ended 28 February 2025.
- (b) A fixed monthly instalment of R40 000 (to cover loan repayment and interest) has to be paid over the full period of the loan. Interest will decline over the life of the loan by 10%.
- (c) The company has invested in three fixed deposits of equal value. One of the fixed deposit will mature on 1 June 2025.
- (d) The following financial indicators were calculated after taking the above information into account:

Current ratio	1.5 : 1
Debt-equity ratio	0.4 : 1

QUESTION 2**(45 marks; 35 minutes)****SHARE CAPITAL, CASH FLOW STATEMENT AND FINANCIAL INDICATORS**

The information relates to Ndaba LTD for the financial year ended 28 February 2025.

REQUIRED:

- 2.1 Prepare the Ordinary Share capital Note on 28 February 2025: (8)
- 2.2 Complete the Cash Flow Statement for the year ended 28 February 2025. Certain figures are provided in the ANSWER BOOK. (26)
- 2.3 Calculate the following financial indicators on 28 February 2025:
- 2.3.1 % Operating expenses on sales (3)
- 2.3.2 Earnings per share (EPS) (3)
- 2.3.3 % Return on average shareholders' equity (5)

INFORMATION:

- A. Extract from the Statement of Comprehensive Income for the year ended 28 February 2025

downloaded from stanmorephysics.com	R
Cost of sales	900 000
Depreciation	130 000
Operating expenses	126 000
Net profit before tax	977 000
Net profit after tax	683 900

- Mark-up % achieved for 2025 amounted to 50% on cost.

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

	2025	2024
	R	R
Fixed/Tangible assets at carrying value	8 800 000	8 500 000
Fixed deposit : Smith Bank	350 000	180 000
Cash and cash equivalent	345 100	29 000
Ordinary shareholders' equity	6 720 000	?
Ordinary share capital	5 220 000	?
Retained Income	1 500 000	1 100 000
Current portion of loan	190 000	?
Bank overdraft	0	147 000
SARS (Income tax)	Cr 35 000	Dr 15 000
Shareholders for dividends	?	?

C. Shares and dividends:

800 000	Shares were in-issue	1 March 2024
100 000	Additional shares issued	30 June 2024
30 000	Shares were repurchased at R1.20 more than the average share price.	1 January 2025

- A final dividend of 20 cents per share was declared to all shareholders on the share register on 29 February 2024.
- Interim dividends of 18 cents per share were paid on 30 September 2024.
- A final dividend of 22 cents per share was declared to all shareholders on the share register on 28 February 2025.

D. Fixed assets:

- Old equipment was sold at carrying value, R150 000 for cash.

E. Loan:

- The fixed monthly instalment was paid to cover repayment of loan and interest. The repayment of loan for next year will decline by 5% p.a.

F. Financial indicator:

	2025	2024
Net asset value per share (NAV)	?	748.75 cents

QUESTION 3**INTERPRETATION OF FINANCIAL STATEMENTS****(35 marks; 25 minutes)**

- 3.1** Choose a category of indicators from COLUMN B that matches the description in COLUMN A. write only the letter (A – D) next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Liquidity	A.	Is the business managing expenses effectively to increase profitability.
3.1.2	Return to shareholders	B.	Is the investment in the company better than investing in a fixed deposit?
3.1.3	Operating efficiency	C.	Will the company be able to pay off its current debts?
		D.	Will the company be able to pay off all its debts using existing assets?

(3 x 1) (3)

3.2 HAPPINESS LTD AND DEPPO LTD

You are presented with financial information of TWO companies operating in the same industry and of similar size, for the year ended 28 February 2025. Wendy Zungu owns shares in both companies.

REQUIRED:

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

3.2.1 Profitability:

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

3.2.2 Dividends, Earnings and Returns

Comment on the dividend pay-out-policy of Happiness LTD and explain why this is an irresponsible change in policy. Provide ONE point. (3)

Explain why the shareholders of Deppo LTD should be satisfied with the earnings of the company. downloaded from stanmorephysics.com (2)

Comment on the % return on shareholders' equity of each company (4)

3.2.3 Directorship:

Explain whether the directors of both companies should be satisfied or not with the share prices of the companies at the end of the financial year.

Quote TWO financial indicators in each company

(6)

3.2.4 Shareholding of Wendy Zungu in both companies: Refer to information A and B

Calculate the number of shares that Wendy purchased in Happiness LTD with the money she received from the share buy back at Deppo LTD.

(3)

Note: only Wendy's share was repurchased by Deppo LTD in 2025 financial year.

Explain the effect of the shares repurchased and additional shares on the % shareholding of Wendy Zungu in each company.

(4)

3.2.5 Financing strategies and gearing of Happiness LTD.

What were the causes of the change in the Debt-equity ratio?

Provide TWO causes with figures.

(4)

Explain why it was wise for the company to make more use of loans.

Quote and explain ONE other financial indicator to support this opinion.

(2)

INFORMATION:**A. Extracts from the records for the financial year ended on February:**

	HAPPINESS LTD		DEPPO LTD	
	2025	2024	2025	2024
Ordinary share capital	R15 400 000	R11 000 000	R6 000 000	R8 000 000
Mortgage loan	R3 570 000	R2 100 000	R5 700 000	R4 000 000
Purchase of fixed assets	R1 500 000	R700 000	R 900 000	R900 000
Number of shares in-issue	1 400 000	1 100 000	620 000	880 000

Note: No new shares were issued by Deppo LTD in 2025 financial year.

B. Shareholding of Wendy Zungu in both companies

	HAPPINESS LTD		DEPPO LTD	
	2025	2024	2025	2024
Shares in each company	?	506 000	?	448 000
% shareholding in each company	?	46%	?	51%
Repurchase price			R8.00	

INFORMATION:**A. Financial Indicators calculated on February:**

	HAPPINESS LTD		DEPPO LTD	
	2025	2024	2025	2024
% Operating expenses on sales	14.9%	18.1%	21%	16.5%
% Operating profit on sales	23%	19.3%	17%	20%
% Net profit on sales	18.3%	16.9%	11%	13%
Debt-equity ratio	0.2 : 1	0.3 : 1	0.6 : 1	0.2 : 1
% Return on average capital employed	17%	14%	12%	15%
Return on average shareholders' equity	8%	13.1%	14.9%	11.3%
Dividends per share	95 cents	85 cents	42 cents	75 cents
Earnings per share	90 cents	119 cents	70 cents	60 cents
Net asset value per share	1100 cents	1 200 cents	650 cents	600 cents
Dividend pay-out-rate	106%	71%	60%	125%

B. Additional information on February:

	HAPPINESS LTD		DEPPO LTD	
	2025	2024	2025	2024
Market price of shares on stock exchange	1000 cents	1900 cents	670 cents	630 cents
Interest rate on loan	14%	14%	14%	14%
Interest rate on alternative investment	11%	11%	11%	11%

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

You are provided with extracts from the independent audit reports of Dalton Ltd and Harding Ltd.

Extract from audit report of Dalton Ltd:

In our opinion, the financial statements fairly present, in all material respects, the financial position of this company on 28 February 2025 and the results of their operations and cash flow for the year ended, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. **Siyabonga and Singobile associates, chartered accounting (SA).**

Extract from audit report of Harding Ltd:

We found that the internal control procedures were not adhered to – and that documentation did not exist for a significant portion of the transactions tested.

Because of the significance of the matter described in the previous paragraph, we could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Therefore, we do not express an opinion on the financial statements for the year ended 28 February 2025. **Noguda and Anele associates, chartered accounting (SA).**

REQUIRED:

- 4.1 The board of directors has different committees with different functions. Choose the function in COLUMN B that matches the committee in COLUMN A. Write only the letter (A – D) next to the question numbers (4.2.1 to 4.2.4) in the ANSWER BOOK.

4.1.1	Audit committee	A	Review salaries, bonuses and other earnings.
4.1.2	Remuneration committee	B	Responsible for performing risk assessment regularly.
4.1.3	Social and ethics committee	C	Ensure that the appointment of an auditor complies with the Companies Act and the legislation.
4.1.4	Risk committee	D	Monitor the impact of the company activities and their products or service to the environment, health and public safety.

- 4.2 Comment on the audit reports of both companies. If you want to buy shares in a company, explain how the report will affect your decision concerning the shares you would purchase in the company. In which company would you invest in? (4)
- 4.3 The purpose of a business rescue plan is to provide a company with temporary supervision and protection against its creditors, to give them a 'breathing space' to reorganise and restructure its financial affairs. Name TWO parties who might be affected by a business rescue plan. (5)
- 4.4 Give TWO reasons why the companies Act requires public companies to be audited by an independent auditor. (2)
- (4)

15**TOTAL MARKS: 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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average Shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	
NOTE	
<ul style="list-style-type: none"> 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. 	



KWAZULU-NATAL PROVINCE

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GRADE 12

ACCOUNTING P1

ANSWER BOOK

PREPARATORY EXAMINATION

SEPTEMBER 2025

Stanmorephysics.com

Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE PROVINCE
1				
2				
3				
4				
TOTAL				

N.B. This answer book consists of 10 pages.

QUESTION 1

1.1.1

	WORKINGS	ANSWER
(a)	ADDITIONS	
(b)	DISPOSAL AT CARRYING VALUE	
(c)	DEPRECIATION ON VEHICLES	
(d)	DEPRECIATION ON EQUIPMENT	

14

1.1.2 **Calculation of profit/loss on sale of vehicle:**

WORKINGS	ANSWER

3

1.1.3

Use the table provided to calculate the correct net profit after tax for the year ended 28 February 2025. Indicate '+' for increase and '-' for decrease.

No	WORKINGS	ANSWER
	Incorrect net profit	1 049 749
(i)		
(ii)		
(iii)		
(iii)		
(iv)		
(v)		

13

1.2 Statement of Financial Position on 28 February 2025.

Assets	
Non-current assets	
Tangible assets	
Fixed deposit	
Current assets	
Total assets	
Equity and liabilities	
Shareholders' equity	
Retained income	
Non-current liabilities	
Loan	
Current liabilities	
Total equity and liabilities	

25

TOTAL MARKS

55

QUESTION 2**2.1 Ordinary Share Capital Note on 28 February 2025**

AUTHORISED SHARES:		
1 500 000 SHARES		
ISSUED SHARES:		

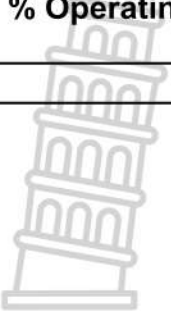
8

2.2 Cash Flow Statement for the year ended 28 February 2025

Cash flow from operating activities	
Cash generated from operations	
Interest paid	
Cash flow from investing activities	
Changes in financial assets	(170 000)
Cash flow from financing activities	
Cash and cash equivalent at the end	

26

2.3.1 % Operating expenses on sales downloaded from stanmorephysics.com

WORKINGS	ANSWER
	

3

2.3.2 Earnings per share (EPS)

WORKINGS	ANSWER
	

3

2.3.3 % Return on average shareholders' equity

WORKINGS	ANSWER

5

TOTAL MARKS

45

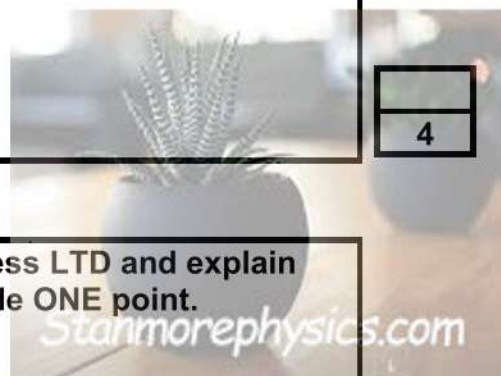
QUESTION 3

- 3.1** Choose a category of indicators from **COLUMN B** that matches the description in **COLUMN A**. write only the letter (**A – D**) next to the question numbers.

3.1.1	
3.1.2	
3.1.3	

3

- 3.2.1** Quote and explain **TWO** financial indicators to show which company is managing its expenses more efficiently and is thereby more profitable.



4

- 3.2.2** Comment on the dividend pay-out-policy of Happiness LTD and explain why this is an irresponsible change in policy. Provide **ONE** point.

Explanation:

3

Explain whether the shareholders of Deppo LTD should be satisfied with the earnings of the company.

2

Comment on the % Return on shareholders' equity of each company

HAPPINESS LTD

DEPPO LTD



Stanmorephysics.com

4

3.2.3

Explain whether the directors of both companies should be satisfied or not with the share prices of the companies at the end of the financial year. Quote TWO financial indicators in each company.

HAPPINESS LTD

DEPPO LTD

6


3.2.4

Calculate the number of shares that Wendy purchased in Happiness LTD with the money she received from the share buy back at Deppo LTD.

WORKINGS	ANSWER
	

3

Explain the effect of the shares repurchased and additional shares on the % shareholding of Wendy Zungu in each company.

HAPPINESS LTD	DEPPO LTD
	

4

3.2.5

What were the causes of the change in the Debt-equity ratio? Provide TWO causes with figures.

downloaded from stanmorephysics.com

4

Explain why it was wise for the company to make more use of loans. Quote and explain ONE other financial indicator to support this opinion.

2

TOTAL MARKS

35

QUESTION 4

4.1

4.1.1		4.1.3	
4.1.2		4.1.4	

4

4.2

Comment on the audit reports of both companies. If you want to buy shares in a company, explain how the report will affect your decision concerning the shares you would purchase in the company.

Dalton Ltd:

Harding Ltd:

In which company would you invest in?

5

4.3

The purpose of a business rescue plan is to provide a company with temporary supervision and protection against its creditors, to give them a 'breathing space' to reorganise and restructure its financial affairs. Name TWO parties who might be affected by a business rescue plan.

2

4.4

Give TWO reasons why the companies Act requires public companies to be audited by an independent auditor.

4

TOTAL MARKS

15

TOTAL MARKS: 150

EDUCATION
REPUBLIC OF SOUTH AFRICA

GRADE 12

Mig Amador
EDMONTON

ACCOUNTING P1

18/09/2025

MARKING GUIDELINES
PREPARATORY EXAMINATION
SEPTEMBER 2025

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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).
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 incorrect, mark the workings.
4. If a pre-adjustment figure is shown as the final figure, award part-mark as a working mark 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 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 a certain question.
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, the marker must inspect the reasonableness of the answer.
11. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷, or per candidate's calculation (if valid) 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, 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.

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Please Turn Over

1.1.1

14

1.1.2

3

M. G. Mithal
Chairman

18/09/2025

1.1.3

Use the table provided to calculate the correct net profit after tax for the year ended 28 February 2025. Indicate '+' for increase and '-' for decrease.

No	WORKINGS	ANSWER
	Incorrect net profit	1 049 749
(i)	Depreciation (88 799✓ + 38 750✓) see 1.1.1 above	- 127 549✓
	Profit on sale of an asset	+ 6 100✓
(ii)	Bad debts	- 1 800✓
(iii)	Provision for bad debts adjustment 37 500 – 40 000)	+ 2 500✓
(iv)	Rent income 9 500 x 2	- 19 000✓✓
(v)	Interest on loan (4 100 000 – 480 000 – 3 800 000)	- 180 000✓
(vi)	Income tax (128 000✓ + 91 000✓)	- 219 000✓
	Net profit after tax	511 000✓

Operation
one part
correct
See 1.1.2
above


Operation
one part
correct

13

M. G. K. K. K. K.
L
Examination
18/09/2025

25

55

M. G. JENSEN
EXAMINER

18/09/2024

QUESTION 2

2.1 Ordinary Share Capital Note on 28 February 2025

AUTHORISED SHARES:		
1 500 000 SHARES		
ISSUED SHARES:		
800 000	Shares in issue	*4 890 000
100 000 ✓	Shares issued @ R5.10 Operation	510 000
(30 000) ✓	Buy back of shares @ R6 Operation	(180 000)
870 000 ✓	Operation	5 220 000

✓✓

✓

✓

✓

8

$$\frac{*748.75 \times 800\,000}{100} = 5\,990\,000 - 1\,100\,000$$

2.2 Cash Flow Statement for the year ended 28 February 2025

Cash flow from operating activities	
Cash generated from operations	
Interest paid	
Dividends paid (160 000 ✓ + 162 000 ✓) operation one part correct or (160 000 + 353 400 - 191 400) <i>Stanmorephysics.com</i> One mark one mark one mark	(322 000)
Tax paid (293 100 ✓ - 15 000 ✓ - 35 000 ✓) operation one part correct or (15 000 + 35 000 - 293 100)	(243 100)
Cash flow from investing activities operation one part correct	(600 000)
Purchases of Fixed assets operation one part correct (8 800 000 ✓ + 130 000 ✓ + 150 000 ✓ - 8 500 000 ✓) or (8 500 000 - 130 000 - 150 000 - 8 800 000)	(580 000)
Proceeds from sale of fixed assets	150 000
Changes in financial assets	(170 000)
Cash flow from financing activities operation one part correct	94 000
Proceeds from shares issued see 2.1	510 000
Buy-back of shares (30 000 x 7.20) Or (36 000 + 180 000) two or nothing	(216 000)
Changes in loan (190 000 x 100/95) two or nothing	(200 000)
Net change in cash and cash equivalent operation one part correct	463 100
Cash and cash equivalent at the beginning (29 000 ✓ - 147 000 ✓)	(118 000)
Cash and cash equivalent at the end	345 100

✓✓

✓

✓

✓

✓

✓

✓

✓✓

✓✓

✓

✓

✓

26

MING MANSO
EXAMINER
18/09/2025

2.3.1 % Operating expenses on sales

% Operating expenses on sales		ANSWER
<div>WORKINGS</div> $\frac{126\,000}{1\,350\,000} \times \frac{100}{1}$	<div>operation one part correct</div>	<div>9.3% <input checked="" type="checkbox"/></div>

3

2.3.2 Earnings per share (EPS)

Earnings per share (EPS)		WORKINGS	ANSWER
683 900 ✓	× 100	operation one part correct downloaded from stanmorephysics.com	78.6 cents ✓

3

2.3.3 % Return on average shareholders' equity

% Return on average shareholders' equity		
WORKINGS		ANSWER
$\frac{683\,900}{\frac{1}{2}(6\,720\,000 + 5\,990\,000)} \times \frac{100}{1}$ <p>800 000 x 748.75/100</p>		operation one part correct 10.8%

E

TOTAL MARKS
45

M. G. Wimmer
EXAMINER
Lg
18/09/2025

QUESTION 3

- 3.1 Choose a category of indicators from COLUMN B that matches the description in COLUMN A. write only the letter (A – D) next to the question numbers.

3.1.1	C✓
3.1.2	B✓
3.1.3	A✓

3

- 3.2.1 Quote and explain TWO financial indicators to show which company is managing its expenses more efficiently and is thereby more profitable.

Any TWO financial indicators (explaining trend) from Happiness LTD with figures ✓✓ ✓✓
NO marks for mentioning Deppo LTD figures and indicators

- % Operating expenses on sales decreased from 18.1% to 14.9% by 3.2%
- % Operating profit on sales increased from 19.3% to 23% by 3.7%
- % Net profit on sales increased from 16.9% to 18.3% by 1.4%

4

- 3.2.2 Comment on the dividend pay-out-policy of Happiness Ltd and explain why this is an irresponsible change in policy. Provide ONE point.

Comment using financial indicators or trend ✓✓

- The pay-out-rate increased from 71% to 106% by 35%
- In 2025 they paid DPS of 95 cents compared to EPS of 90 cents by 5 cents (taken from retained income)
- Although the EPS dropped from 119 cents to 90 cents by 29 cents (24%) but DPS was 10 cents more than last year.

Explanation: ✓

- Company is depleting retained income reserves.
- They have no future plans / growth
- No current profits were kept for rainy days / dark days

3

Explain whether the shareholders of Deppo LTD should be satisfied with the earnings of the company.

Expressing a change for EPS to a % ✓✓

Earnings per share (EPS) increased from 60 cents to 70 cents by 10 cents (16.7%)

Ans: 9 marks
EXAMINER
18/09/2028

2

Comment on the % return on shareholders' equity of each company

Comment mentioning ROSHE and compare it with interest rate on alternative investment ✓✓ ✓✓

Comment for 1 mark only:

If candidate only mention increase/decrease/good/bad without mentioning interest rate on alternative investment.

HAPPINESS LTD	DEPPO LTD
ROSHE dropped from 13.1% to 8% by 5.1%	ROSHE improved from 11.3% to 14.9% by 3.6%
ROSHE of 8% is below the interest rate on alternative investment of 11%	ROSHE of 14.9% is above the interest rate on alternative investment of 11%

4

3.2.3

Explain whether the directors of both companies should be satisfied or not with the share prices of the companies at the end of the financial year. Quote TWO financial indicators in each company.

Financial indicators with figures ✓✓ ✓✓ Explanation ✓✓

A candidate must mention MP with a figure and NAV with a figure in each company to be awarded with full marks

If a candidate mentioned only one financial indicator with a figure award one mark in each company

If a candidate mentioned only financial indicator with no figures no mark

HAPPINESS LTD	DEPPO LTD
Market Price of 1000 cents is below the NAV of 1 100 cents by 100 cents Or Market price decreased from 1900 cents to 1000 cents by 900 cents (47.4%) and NAV also decreased from 1 200 cents to 1 100 cents by 100 cents (8.3%)	Market price of 670 cents is above the NAV of 650 cents by 20 cents Or Market price increased from 630 cents to 670 cents by 40 cents (6.3%) and NAV also increased from 600 cents to 650 cents by 50 cents (8.3%)
Not satisfied: <ul style="list-style-type: none"> Lack of demand for shares bad image lack of success of the company 	Satisfied: <ul style="list-style-type: none"> shares are in demand potential investors willing to purchase shares good image

6

Calculate the number of shares that Wendy purchased in Happiness LTD with the money she received from the share buy back at Deppo LTD.

3

Explanation on % shareholding with figures ✓ ✓ ✓ ✓

4

What were the causes of the change in the Debt-equity ratio? Provide TWO causes with figures.

- downloaded from stanmorephysics.com

4

ROTC of 17% is above the interest rate on loan of 14%. This indicate a positive gearing.

2

my g exchange
EXAMINATION
~~LE~~
18/09/2025

QUESTION 4

4.1

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

4

4.2

Comment on the audit reports of both companies. If you want to buy shares in a company, explain how the report will affect your decision concerning the shares you would purchase in the company.

Dalton Ltd: Comment on ✓ Explanation ✓

Dalton Ltd received an unqualified report which means that you can rely on the financial information in the financial statements decide on purchasing the shares.

Harding Ltd: Comment on ✓ Explanation ✓

Just Harding Ltd received a disclaimer audit report. It means that Peter cannot rely fully on the financial statements in deciding on investing in the company.

In which company would you invest in?

Dalton Ltd ✓

5

4.3

The purpose of a business rescue plan is to provide a company with temporary supervision and protection against its creditors, to give them a 'breathing space' to reorganise and restructure its financial affairs. Name TWO parties who might be affected by a business rescue plan.

Any TWO ✓ ✓ (one mark each)

Creditors, shareholders, employees, trade unions, SARS, Banks, Directors

2

4.4

Give TWO reasons why the companies Act requires public companies to be audited by an independent auditor.

Any TWO valid reasons ✓✓ ✓✓

part-mark for unclear or incomplete answer

- Unbiased view will be presented
- Separation between management and ownership
- Interest of the shareholders are safeguarded
- Business is working with money of shareholders
- To reduce / deter the possibility of fraud occurring

For one mark: Prevent / reduce fraud

4

TOTAL MARKS

15

18/09/2025