



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P1
JUNE 2025

MARKS: 150

TIME: 2 hours

**This question paper consists of 11 pages,
a formula sheet and a 10-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 the 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	Concepts, Income Statement and Balance Sheet	55	44
2	Ordinary Share Capital and Retained Income Notes and Cash Flow Statement	51	41
3	Analysis and interpretation of financial statements	24	19
4	Corporate governance and Audit reports	20	16
TOTAL		150	120

QUESTION 1: CONCEPTS, INCOME STATEMENT AND BALANCE SHEET
(55 marks; 44 minutes)

1.1 Choose a description from COLUMN B that matches the term/principle in COLUMN A. Write only the letter (A–F) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	IFRS	A	Tracks the movement of cash into and out of a business over a specific period.
1.1.2	Cash flow statement	B	Is appointed at the AGM of a company and is responsible for expressing an opinion on the financial statements of a company with which they are not affiliated.
1.1.3	Income statement	C	Is elected at the AGM of a company and is responsible for managing the company and implementing policies.
1.1.4	Director(s)	D	Specific guidelines that must be followed when preparing financial statements to ensure consistency.
1.1.5	Independent auditor(s)	E	Reflects possible profits or losses for a given financial period.
		F	An indication of the financial position of a company on a given date.

(5)

1.2 WANKARABA LIMITED

The information relates to Wankaraba Limited for the financial year ended 30 April 2025.

REQUIRED

Complete the following:

1.2.1 The Statement of Comprehensive Income for the year ended 30 April 2025. (33)

1.2.2 The Statement of Financial Position, Equity and Liabilities, certain amounts have already been filled in in the ANSWER BOOK. (17)

INFORMATION:

Extract from the Pre-Adjustment Trial Balance on 30 April 2025.

Balance Sheet accounts section	
Ordinary share capital	3 500 000
Retained income	?
Loan: Mahikeng Bank	5 100 000
Equipment	438 500
Accumulated depreciation on equipment (1 May 2024)	122 000
Debtors control	952 600
Provision for bad debts	50 000
Trading stock	843 136
SARS: Income Tax (provisional tax payments)	462 160
Creditors control	967 350
Nominal accounts section	
Sales	7 523 000
Cost of sales	?
Rental income	119 808
Wages and salaries	457 745
Insurance	42 000
Directors' fees	687 500

Adjustments and additional information:

- A. On 29 April 2025, a debtor, L Landini, returned goods that had been sold to him for R40 600. This was not recorded.
- B. Wankaraba Ltd maintains a profit mark-up of 60% on cost. Sales include sales of R260 000 during the year on which a 20% trade discount was granted.
- C. Wankaraba Ltd's debtor collection has improved drastically during the past year and therefore the provision for bad debts must be adjusted to 5% of outstanding debtors.
- D. A physical stocktaking on the last day of the financial year shows trading stock worth R835 000.
- E. The company has been renting an unused section of the building since 1 July 2024. The lease agreement stipulates that the rent will increase by 6% annually on 1 November. The tenant has paid 2 months' rent in advance because he is on holiday.
- F. Provide for depreciation on Equipment at 10% per annum on the reducing balance method. NOTE: New equipment worth R64 500 was purchased on 1 January 2025 and properly recorded.



- G.** An additional insurance policy with an annual premium of R18 000 was paid and recorded on 1 August 2024.
- H.** Wankaraba Ltd has two directors and one of the directors has already received his director's fee for May 2025.
- I.** The loan statement received from Mahikeng Bank shows interest of R480 000 to be capitalised.

25% of the outstanding amount of the loan will be repaid in the next financial year.

- J.** The correct net profit after tax, after taking the above adjustments into account, amounts to R1 251 378. Income tax was calculated at the standard rate of 28%.

K. Shares and dividends:

- The directors did not declare interim dividends during the financial year as they are retaining income to expand the business. A final dividend of 13 cents per share was however declared to keep the shareholders happy.
- No shares were issued or repurchased during the financial year. Wankaraba Ltd had 75% of the authorised shares of 1 200 000 in issue.
- The NAV of shares is 628 cents on 30 April 2025.

QUESTION 2: ORDINARY SHARE CAPITAL AND RETAINED INCOME NOTES AND CASH FLOW STATEMENT (51 marks; 41 minutes)

2.1 Choose the correct word(s) in brackets to complete the statement. Write only the correct word(s) next to the question numbers (2.1.1 to 2.1.5) in the ANSWER BOOK.

- 2.1.1 Consumables on hand at the end of the financial year are classified as a (current asset/financial asset).
- 2.1.2 Shareholders only lose their investment in shares if a company goes bankrupt due to the (limited/unlimited) liability concept.
- 2.1.3 The demand for shares on the JSE is influenced by the (net asset value per share/market price per share).
- 2.1.4 Significant items, such as interest expense, are shown separately in the financial statements in accordance with the (prudence principle/accrual principle/materiality principle).
- 2.1.5 (Liquidity/Solvency) indicates the ability of the company to meet its short-term obligations.

2.2 Notes to the balance sheet and cash flow statement.

The following information relates to Anathi Ltd.

Anathi Ltd has an authorised share capital of 3 680 000 ordinary shares.
 The financial year ends on 28 February annually.

Prepare the following notes to the Balance Sheet for the financial year ended 28 February 2025:

- 2.2.1 Ordinary share capital (8)
- 2.2.2 Retained income (10)

2.3 Calculate the amount that will appear in the Cash Flow Statement for:

- 2.3.1 Taxation (4)
- 2.3.2 Dividends paid (3)
- 2.3.3 Shares bought back (3)

2.4 Prepare the following sections of the Cash Flow Statement:

- 2.4.1 Change in operating capital (10)
- 2.4.2 Cash flow from financing activities (4)
- 2.4.3 Net change in cash and cash equivalents (4)

INFORMATION:

A. Share capital and dividends:

- Authorised shares: 3 680 000
 On 1 March 2024, 25% of the authorised shares were in issue.
- 320 000 additional shares were issued on 1 March 2024 for R761 200.
- An Interim dividend of 15c per share was paid on 31 August 2024.
- 20 000 shares were bought back from a dissatisfied shareholder on 28 February 2025 at R0,50 more than the average share price. The shareholder still qualifies for the final dividend.



B. Extract from the Income Statement for the year ended 28 February 2025.

Depreciation	?
Interest expense	44 000
Income tax (28%)	464 800
Net profit after tax	?

C. Extract from the Balance Sheet of Anathi Ltd on 28 February 2025:

	2025	2024
Fixed assets at carrying value	1 734 190	1 300 500
Financial assets		
Investments	1 640 000	1 680 000
Current assets		
Stock	224 000	328 000
Trade and other receivables:	256 000	316 000
Trade debtors	239 600	204 000
SARS - Income Tax	16 400	0
Prepaid expenses	0	112 000
Cash and cash equivalents	210 400	15 000
Shareholder equity	3 201 200	?
Ordinary Share Capital	1 744 600	?
Retained Income	?	2 474 800
Long-term liabilities		
Loan: ASKA Bank	800 000	960 000
Current liabilities	233 600	479 300
Trade creditors	120 000	88 000
SARS: Income Tax	0	23 800
Shareholders for dividends	272 800	154 000
Revenue received in advance	9 600	0
Bank overdraft	0	126 000

QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS (24 marks; 19 minutes)

Boland Ltd vs Limpopo Ltd

A colleague of yours is a shareholder in two companies, Boland Limited and Limpopo Limited, which are listed on the JSE. You have been saving for a long time and have R150 000 to invest and therefore ask his advice. He provides you with the following information about both companies.

REQUIRED:

- 3.1 Calculate the following financial indicators:
 - Net asset value of Limpopo Ltd
 - Debt-equity ratio of Boland Ltd (6)
- 3.2 Your colleague is of the opinion that the liquidity situation of Limpopo Ltd is better than that of Boland Ltd. Quote TWO financial indicators with figures to support his opinion. (6)
- 3.3 Boland Ltd decided to pay off a large amount on the loan during the financial year. Quote TWO financial indicators with appropriate figures to show why this was not a good decision by the directors. (Gearing) (6)
- 3.4 Comment on the value of the shares of the two companies on the JSE. Explain how these figures will influence your choice regarding the companies. (6)

INFORMATION:

A Extract from the Statement of Financial Position of Boland Ltd and Limpopo Ltd as at 30 April 2025:

	Boland Ltd	Limpopo Ltd
Shareholders' equity	3 033 450	4 233 600
Ordinary share capital	2 424 000	3 186 000
Retained income	609 450	1 047 600
Non-current liabilities	606 690	2 540 160

B Financial indicators

	Boland Ltd	Limpopo Ltd
Operating ratio	4,3 : 1	2,0 : 1
Acid test	3,31 : 1	1,3 : 1
Stock turnover rate	5 times	9 times
Debt-equity ratio	?	0,6 : 1
% Return on average shareholders' equity	25,9%	15,0%
% Return on total capital employed	18,8%	10,7%
Interest on loans	11%	11%
Market price per share on the JSE	715 cents	915 cents
Net asset value per share	540 cents	?
Dividend per share	235 cents	250 cents
Earnings per share	355 cents	290 cents

C Both companies have a total of 378 000 issued shares as on 28 February 2025.

QUESTION 4: CORPORATE GOVERNANCE AND AUDIT REPORTS
(20 marks; 16 minutes)

4.1 CORPORATE GOVERNANCE

Use the information below and your knowledge on companies to answer the following questions.

INFORMATION:

Winston noticed that the company's Purchasing Manager had received a new laptop from a supplier. He immediately reported this to his supervisor.

The supervisor was initially reluctant to investigate the incident but nevertheless obtained information about the matter at Winston's request.

During further investigation, it came to light that a tender to upgrade the company's computer equipment was awarded to this supplier.

REQUIRED:

- 4.1.1 Choose the correct answer from the words given in brackets. Winston could be described as a (whistle-blower/employee) in this situation. (1)
- 4.1.2 It is essential that the identities of those who report corruption are protected. Give ONE reason that can be used to convince the directors that they cannot openly thank Winston. (2)
- 4.1.3 Provide ONE term to describe the "gift" that the Purchasing Manager received. (1)
- 4.1.4 Indicate ONE internal measure that the company could implement to prevent a recurrence of such an incident in the future. (2)
- 4.1.5 A concerned shareholder has heard about the incident. Provide TWO possible questions that he could ask at the next AGM regarding the company's tender policy. (4)

4.2 AUDIT REPORTS

The following is an extract from the audit report of Pilanesberg Limited for the financial year ended 30 April 2025:

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company, Pilanesberg Limited, on 30 April 2025 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2008 (Act 71 of 2008).

Motepo Partners
Chartered Accountants (SA)

31 May 2025

REQUIRED:

- 4.2.1 Indicate which type of audit report Pilanesberg Limited received. Provide ONE reason for your choice. (4)
- 4.2.2 Give ONE reason why the Companies Act requires public companies to be audited by an independent auditor. (2)
- 4.2.3 Newspaper reports have indicated that Motepo Partners were found guilty of maladministration in relation to audit work carried out at several large firms. Explain how this could affect shareholders of Pilanesberg Ltd. State TWO points. (4)

20

TOTAL: 150

GRADE 12 ACCOUNTING FORMULA SHEET WITH FINANCIAL INDICATORS			
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$		$\frac{\text{Gross profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$		$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$		$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Total assets : Total liabilities		Current assets : Current liabilities	
(Current assets – Inventory) : Current liabilities		Non-current liabilities : Shareholders' equity	
(Trade & other receivables + Cash & cash equivalents) : Current liabilities			
$\frac{\text{Average trading stock}}{\text{Cost of Sales}} \times \frac{365}{1}$		$\frac{\text{Cost of Sales}}{\text{Average trading stock}}$	
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$		$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$	
$\frac{\text{Net profit after tax}}{\text{Average shareholder equity}} \times \frac{100}{1}$		$\frac{\text{Net profit after tax}}{\text{Number of shares issued}} \times \frac{100}{1}$ (* See note below)	
$\frac{\text{Net profit before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}}$		$\times \frac{100}{1}$	
$\frac{\text{Shareholders' interest}}{\text{Number of shares issued}} \times \frac{100}{1}$		$\frac{\text{Dividends for the year}}{\text{Number of shares issued}} \times \frac{100}{1}$	
$\frac{\text{Interim dividends}}{\text{Number of shares issued}} \times \frac{100}{1}$		$\frac{\text{Final dividends}}{\text{Number of shares issued}} \times \frac{100}{1}$	
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$		$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$	
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$			
Note:			
<ul style="list-style-type: none"> In this case, if there is a change in the number of shares issued during a financial year, the weighted average number of shares is used in practice. 			



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PROVINCIAL ASSESSMENT

GRADE 12

**ACCOUNTING P1
JUNE 2025**

ANSWER BOOKS.com

Name:

QUESTION	MAXIMUM MARKS	MARKER	INTERNAL MODERATOR	EXTERNAL MODERATOR
1	55			
2	51			
3	24			
4	20			
TOTAL	150			

This answer book consists of 10 pages.

QUESTION 1: CONCEPTS, INCOME STATEMENT AND BALANCE SHEET

1.1	1.1.1	
	1.1.2	
	1.1.3	
	1.1.4	
	1.1.5	

5



1.2 WANKARABA LIMITED

**1.2.1 Statement of Comprehensive Income for the year ended
 30 April 2025**

Sales	
Cost of sales	
Gross profit	
Other Operating Income	
Rental income	
Gross Operating Income	
Operating expenses	
Wages and Salaries	
Operating profit	
Interest income	565 000
Profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	
Net profit after tax	1 251 378

1.2.2 Statement of financial position as at 30 April 2025

EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDER EQUITY	
Ordinary share capital	3 500 000
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL EQUITY AND LIABILITIES	12 361 189

17

QUESTION 1
55

QUESTION 2: ORDINARY SHARE CAPITAL AND RETAINED INCOME NOTES, CASH FLOW STATEMENT AND FINANCIAL INDICATORS

2.1	2.1.1	
	2.1.2	
	2.1.3	
	2.1.4	
	2.1.5	

5

2.2 2.2.1 ORDINARY SHARE CAPITAL

AUTHORIZED

Stanmore	Ordinary shares
----------	-----------------

ISSUED:

	Ordinary shares in issue at the beginning of the year	
320 000		
	Ordinary shares in issue at the end of the year	1 744 600

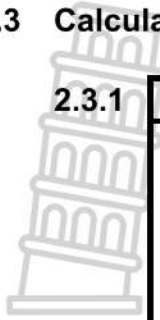
8

2.2.2 RETAINED INCOME

	Retained income at the beginning of the year	2 474 800
	Retained income at the end of the year	

10

2.3 Calculate the amount that will appear in the Cash Flow Statement for:



2.3.1 Taxation

--

4

2.3.2 Dividends paid

--

3

2.3.3 Shares bought back

--

3

2.4 Prepare the following sections of the cash flow statement:

2.4.1 Change in operating capital

10

2.4.2 Cash flow from financing activities

4



2.4.3	Net change in cash equivalents	

4

QUESTION 2
51

QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

3.1	Calculate the following financial indicators:
	Net asset value of Limpopo Ltd
	Debt-Equity Ratio of Boland Ltd

6

3.2	Your colleague is of the opinion that the liquidity situation of Limpopo Ltd is better than that of Boland Ltd. Quote TWO financial indicators with appropriate figures to support his opinion.
	Quote two financial figures.
	Explain:

6

3.3 Boland Ltd decided to pay off a large amount on the loan during the financial year. Quote TWO financial indicators with appropriate figures to show why this was not a good decision by the directors. (Gearing)

Relevant figures:

Comment:

6

3.4 Comment on the value of the two companies' shares on the JSE. Explain how these figures will influence your choice of the companies.

	Financial indicator and explanation thereof with figures.	Choice of Company
Boland Ltd		
Limpopo Ltd		

6

QUESTION 3
24

QUESTION 4: CORPORATE GOVERNANCE AND AUDIT REPORT

4.1 CORPORATE GOVERNANCE

4.1.1 Winston can be described as a (whistleblower/employee) in this situation.

--

1

4.1.2 It is absolutely essential that the identities of those who report misconduct are protected. Give ONE reason that can be used to convince the directors that they cannot openly thank Winston.

--

2

4.1.3 Provide one term to describe the “gift” that the Purchasing Manager received.

--

1

4.1.4 Indicate ONE internal measure that the company can implement to prevent a recurrence of such an incident in the future.

--

2

4.1.5 A concerned shareholder has heard about the incident. Provide two possible questions that he could ask at the next AGM regarding the company's tender policy.

--

4

4.2 AUDIT REPORTS

4.2.1 Indicate which type of audit report Pilanesberg Limited received. Provide one reason for your choice.

--

4

4.2.2 Give ONE reason why the Companies Act requires public companies to be audited by an independent auditor.

--

2

4.2.3 Newspaper reports have indicated that Motepo Partners has been found guilty of maladministration in relation to audit work carried out at several large firms. Explain how this could affect shareholders of Pilanesberg Ltd. State TWO points.

--

4

QUESTION 4
20

TOTAL: 150



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PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P1

JUNE 2025

MARKING GUIDELINES

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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 incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). *Note:* figures are stipulated in marking guideline components of workings, these do not carry the method mark for parts thereof.
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. These marking guidelines 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, markers must inspect the reasonableness of the answer.
11. "Operation" means check operation. 'One part correct' means operation and one part correct. *Note:* check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per marking guideline.
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 guidelines. *Note:* that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 11 papers.

QUESTION 1: CONCEPTS, INCOME STATEMENT AND BALANCE SHEET

1.1	1.1.1	D ✓
	1.1.2	A ✓
	1.1.3	E ✓
	1.1.4	C ✓
	1.1.5	B ✓



5

1.2 WANKARABA LIMITED

1.2.1 Statement of Comprehensive Income for the year ended
 30 April 2025

Sales (7 523 000✓ – 40 600✓)		7 482 400✓
Cost of sales (7 482 400✓ - 260 000 + (260 000 x100/80) 325 000✓✓ x 100/160✓)		(4 717 125) ✓
Gross profit	Operation 9	2 765 275 ✓
Other Operating Income	Operation	103 856 ✓
Rental income (119 808 – 20 352✓✓)	*	99 456 ✓
Provision for bad debts adjustment (50 000✓ – 45 600 (912 000 x 5%)✓✓)	*	4 400 ✓
Gross Operating Income	Operation 9	2 869 131 ✓
Operating expenses	Operation	(1 216 106) ✓
Wages and Salaries		457 745✓
Insurance (42 000 – 4 500✓)	Operation	37 500✓
Directors' fees (687 500 – 27 500✓)	Operation	660 000✓
Trade inventory deficit (843 136 + 25 375 - 835 000)		33 511✓✓
Depreciation (25 200✓ + 2 150✓)	*	27 350 ✓
Operating profit	Operation 11	1 653 025 ✓
Interest income		565 000
Profit before interest expense	Operation	2 218 025 ✓
Interest expense		(480 000) ✓
Net profit before tax		1 738 025✓
Income tax	4	(486 647)✓
Net profit after tax		1 251 378

*One part correct

1.2.2 Statement of financial position as at 30 April 2025

EQUITY AND LIABILITIES		
ORDINARY SHAREHOLDER EQUITY (900 000 x 6,28)		✓✓ 5 652 000
Ordinary share capital		3 500 000
Retained income	3	<input checked="" type="checkbox"/> 2 152 000
NON-CURRENT LIABILITIES		4 185 000
Loan: Mahikeng Bank (5 100 000✓+ 480 000✓) x 75%✓	4	<input checked="" type="checkbox"/> 4 185 000
CURRENT LIABILITIES		2 524 189 <input checked="" type="checkbox"/>
Trade and other payables (967 350✓+ 20 352 <input checked="" type="checkbox"/> <small>Check Rent Income</small>)		<input checked="" type="checkbox"/> 987 702
Short-term loan (5 580 000 x 25%)		<input checked="" type="checkbox"/> 1 395 000
Shareholders for dividends (900 000 x 13c)		117 000✓✓
SARS (Income Tax) (462 160✓ - 486 647 <input checked="" type="checkbox"/> 10)		<input checked="" type="checkbox"/> 24 487
TOTAL EQUITY AND LIABILITIES		12 361 189

17

*One part correct
*Operation

QUESTION 1
55

QUESTION 2: ORDINARY SHARE CAPITAL AND RETAINED INCOME NOTES, CASH FLOW STATEMENT AND FINANCIAL INDICATORS

2.1	2.1.1	current asset✓
	2.1.2	limited✓
	2.1.3	net asset value✓
	2.1.4	materiality principle✓
	2.1.5	liquidity✓

5

2.2 2.2.1 ORDINARY SHARE CAPITAL

AUTHORIZED

3 680 000	Ordinary shares
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ISSUED:

920 000✓✓	Ordinary shares in issue at the beginning of the year	1 012 000☑
320 000	Ordinary shares issued on 1 March 2024	761 200✓
(20 000)✓	Shares bought back on 28 February 2025 @ R1,43✓	(28 600) ☑*
1 220 000☑	Ordinary shares in issue at the end of the year	1 744 600

8

2.2.2 RETAINED INCOME

Retained income at the beginning of the year	2 474 800
Net income after tax	1 195 200 ✓✓
Buyback of 20 000 shares @ R0,50✓	(10 000) ✓
Ordinary share dividends	(458 800) ☑
Paid (1 240 000✓x 0,15✓)	186 000☑
Declared	272 800✓
Retained income at the end of the year	3 201 200☑

10

2.3 Calculate the amount that will appear in the Cash Flow Statement for:



2.3.1	Taxation
Accept alternative calculations, reversed signs or ledger account	
$23\ 800\checkmark + 464\ 800\checkmark + 16\ 400\checkmark = 505\ 000\checkmark$	

4

2.3.2	Dividends paid
Accept alternative calculations, reversed signs or ledger account	
$154\ 000\checkmark + 186\ 000\checkmark = 340\ 000\checkmark$	
Check 2.2.2	

3

2.3.3	Shares bought back
$28\ 600 + 10\ 000 = 38\ 600$	
Or <i>Stanmorephysics.com</i>	
$20\ 000\checkmark \times 1,93\checkmark = 38\ 600\checkmark$	

3

2.4 Prepare the following sections of the cash flow statement:

2.4.1	Change in working capital	222 000 \checkmark
	Decrease \checkmark in stock 328 000 – 224 000	104 000 $\checkmark\checkmark$
	Decrease \checkmark in debtors 239 600 – 316 000 \checkmark	Operation 76 400 \checkmark
	Increase \checkmark in creditors 129 600 \checkmark – 88 000	Operation 41 600 \checkmark

10

2.4.2	Cash flow from financing activities	562 600 \checkmark
	Return on shares issued	761 200 \checkmark
	Buyback of shares 28 600 + 10 000	See 2.3.3 (38 600) \checkmark
	Repayment of loan 960 000 – 800 000	(160 000) \checkmark

4



2.4.3	Net change in cash equivalents	321 400✓
	Cash and cash equivalents – beginning (15 000 – 126 000)	(111 000)✓✓
	Cash and cash equivalents - end	210 400✓

4

QUESTION 2
51

QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

3.1 Calculate the following financial indicators:

Net asset value of Limpopo Ltd
 $\frac{4\,233\,600}{378\,000} = 11\,200$ cents ✓✓

Debt-Equity Ratio of Boland Ltd
 $\frac{606\,690}{3\,033\,450} = 0.2 : 1$ ✓

6

3.2 Your colleague is of the opinion that the liquidity situation of Limpopo Ltd is better than that of Boland Ltd. Quote TWO financial indicators with appropriate figures to support his opinion.

Quote two financial figures.
 Two indicators ✓✓ and figures ✓✓

- The acid test of Boland Ltd is 3.31 : 1 and Limpopo Ltd is 1.3 : 1
- The inventory turnover rate of Boland Ltd is 5 times and Limpopo Ltd is 9 times.

Explain ✓✓

- Limpopo Ltd has a better acid test than Boland Ltd. Boland Ltd has too much inventory on hand.
- Limpopo Ltd sells inventory faster, 9 times, during the year compared to Boland Ltd's 5 times.

6

3.3 Boland Ltd decided to pay off a large amount on the loan during the financial year. Quote TWO financial indicators with appropriate figures to show why this was not a good decision by the directors. (Leverage effect)

Financial indicator and figures ✓✓ ✓✓ Valid comment ✓✓

Relevant figures:

Debt : Equity is 0.2 : 1 (Check 3.1)

ROCE is 18,9%

Commentary: Any two reasons

- The company is low-risk and therefore there is no need to repay the loan quickly.
- The company is positively geared. The ROCE of 18,8% is higher than the interest rate of 11% on loans.

6

3.4 Comment on the value of the two companies' shares on the JSE. Explain how these figures will influence your choice of the companies.

	Financial indicator and its explanation with figures	Choice of Company
Boland Ltd	Market price is 715 cents which is more than the NAV of 540 cents.	I will invest in Boland Ltd because the demand for their shares is good. OR I will not invest in Boland Ltd because the shares are overpriced.
Limpopo Ltd	JSE price is 910 cents which is lower than the NAV of 1 120 cents.	I will invest in Limpopo Ltd because the shares are undervalued. OR I will not invest in Limpopo Ltd because the shares are not in demand.

6

QUESTION 3
24

QUESTION 4: CORPORATE GOVERNANCE AND AUDIT REPORT

4.1 CORPORATE GOVERNANCE

4.1.1 Winston can be described as a (whistle-blower/employee) in this situation.

Whistle-blower✓

1

4.1.2 It is absolutely essential that the identities of those who report misconduct are protected. No ONE that can be used to convince the directors that they cannot openly thank Winston.

Any ONE valid point✓✓ Partial marks for incomplete/unclear answers.

- The identity of whistle-blowers must be protected so that they are not targeted.
- Employees may be afraid to report violations and prefer to remain silent if they are not sure that their identity will be protected.
- Workers can be encouraged to report incidents anonymously as this can increase reporting.

2

4.1.3 Provide ONE term to describe the “gift” that the Purchasing Manager received.

Bribe/Kick-back✓

1

4.1.4 Indicate ONE internal measure that the company can implement to prevent a recurrence of such an incident in the future.

Any ONE valid point✓✓ Partial marks for incomplete/unclear answers.

- The business must have a policy for receiving gifts/awarding tenders.
- Employees must be transparent in their negotiations and all “gifts” they receive from clients/suppliers must be declared.
- Separation of duties: The Purchasing Manager should not be the person who awards tenders and receives goods.

2

4.1.5 A concerned shareholder has heard about the incident. Provide two possible questions that he could ask at the next AGM regarding the company's tender policy.

TWO marks per relevant question. ✓✓ ✓✓ Partial marks for incomplete/unclear answers.

- Does the company have a tender policy?
- Was the correct procedure followed in awarding the tender?
- Why was Winston's supervisor reluctant to investigate the incident?
- Is Winston's supervisor perhaps in cahoots with the Purchasing Manager?
- What consequences does the Purchasing Manager face?
- Will the company allow the Purchasing Manager to keep the laptop?
- Will the company take action against the Purchasing Manager?

4

4.2 AUDIT REPORTS

4.2.1 Indicate which type of audit report Pilanesberg Limited received. Provide one reason for your choice.

Report type: Unqualified ✓✓ SICS.com

Any 1 reason ✓✓

This is a good report.

The words: 'reasonable account' indicate that the auditors did not encounter any problems.

4

4.2.2 Give ONE reason why the Companies Act requires public companies to be audited by an independent auditor.

Any ONE valid reason ✓✓

- Independent opinion will be presented.
- Separation between management and ownership.
- Shareholders' interests are protected
- Business operates with shareholders' money
- To detect/reduce the possibility of fraud.

2

4.2.3 Newspaper reports have indicated that Motepo Partners has been found guilty of maladministration in relation to audit work carried out at several large firms. Explain how this could affect shareholders of Pilanesberg Ltd. State TWO points.

Any TWO relevant marks ✓✓✓✓ Future shareholders not relevant to this answer The question asks about the impact on shareholders and not the consequences on share prices etc.

- The shareholders will not be able to rely on the audit report.
- The shareholders will not re-elect auditors at the next AGM. (will be dismissed).
- The shareholders may insist on a re-audit by another reputable audit firm.
- The shareholders may insist on legal action if the audit was done fraudulently.
- Existing shareholders may dispose of/sell their shares.

4

QUESTION 4

20

TOTAL: 150