



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.

55

**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.

(5)

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)

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TOTAL: 150

GRADE 12 ACCOUNTING FORMULA SHEET WITH FINANCIAL INDICATORS					
<u>Gross profit</u> Sales	x	$\frac{100}{1}$	<u>Gross profit</u> Cost of Sales	x	$\frac{100}{1}$
<u>Net profit before tax</u> Sales	x	$\frac{100}{1}$	<u>Net profit after tax</u> Sales	x	$\frac{100}{1}$
<u>Operating expenses</u> Sales	x	$\frac{100}{1}$	<u>Operating profit</u> Sales	x	$\frac{100}{1}$
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					
<u>Average trading stock</u> Cost of Sales	x	$\frac{365}{1}$	<u>Cost of Sales</u> Average trading stock		
<u>Average debtors</u> Credit sales	x	$\frac{365}{1}$	<u>Average creditors</u> Cost of sales	x	$\frac{365}{1}$
<u>Net profit after tax</u> Average shareholder equity	x	$\frac{100}{1}$	<u>Net profit after tax</u> Number of shares issued (* See note below)	x	$\frac{100}{1}$
<u>Net profit before tax + Interest on loans</u> Average shareholders' equity + Average non-current liabilities				x	$\frac{100}{1}$
<u>Shareholders' interest</u> Number of shares issued	x	$\frac{100}{1}$	<u>Dividends for the year</u> Number of shares issued	x	$\frac{100}{1}$
<u>Interim dividends</u> Number of shares issued	x	$\frac{100}{1}$	<u>Final dividends</u> Number of shares issued	x	$\frac{100}{1}$
<u>Dividends per share</u> Earnings per share	x	$\frac{100}{1}$	<u>Dividends for the year</u> Net income after tax	x	$\frac{100}{1}$
<u>Total fixed costs</u> Selling price per unit – Variable cost per unit					
Note: 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.					