education

Department of Education
FREE STATE PROVINCE

SCHOOL: _____

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PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P1

SEPTEMBER 2025

ANSWER BOOK

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

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QUESTION 1

1.1.1

Do a calculation to prove that the value of the closing stock on 28 February 2025 is R1 067 800.	ANSWER

4

1.1.2

Calculate the cost of sales.	ANSWER

4

1.2 STATEMENT OF COMPREHENSIVE INCOME OF ROBBY LIMITED FOR THE YEAR ENDED 28 FEBRUARY 2025

Sales	
Cost of sales	
Gross profit	
Other income	
Rent income (211 825	
Commission income	
Gross operating income	
Operating expenses	
Depreciation	321 500
Salaries (1 680 000	
Salaries: Contributions (151 200	
Directors' fees (1 537 500	
Audit fees (135 000	
Insurance (576 000	
Bad debts	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before income tax	
Income tax	
Net profit after tax	

40

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1.3 Trade and Other Receivables

Net trade debtors	
Trade debtors	

8

1.4 Trade and other payables

Trade creditors	**287 652**

14

TOTAL MARKS
70

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QUESTION 2

2.1.1

Mark-up %	ANSWER

4

2.1.2

Net asset value per share	ANSWER

3

2.1.3

Debt-equity ratio	ANSWER

5

2.2.1

Income tax paid	ANSWER

5

2.2.2

Funds used to repurchase the shares	ANSWER

4

2.2.3

Proceeds from fixed assets sold	ANSWER

5

2.2.4

Loan repaid	ANSWER

4

TOTAL MARKS
30

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QUESTION 3

3.1.1 **Calculate the number of additional shares Maria could buy in Nipho Limited.**

2

3.1.2 **Comment on the price, Maria paid for these shares and give ONE reason why she might have been satisfied to pay the price.**

3

3.1.3 **Calculate Maria's percentage shareholding at the end of the 2025 financial year. Was it a good decision to buy the additional shares?**

Shareholding at the end of the financial year.

Was it a good decision?

5

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3.2.1	Calculate the dividends per share for the financial year.	
		5

3.2.2	The directors decided to change their dividend payout policy. Compare the dividend payout rates of the two financial years and give ONE reason why it would be a positive change for Maria and ONE reason why it would be a negative change for Maria.	
	Dividend payout rates: Positive change: Negative change:	7

3.2.3	Comment on the % return on average shareholders' equity of Nipho Limited.	
		2

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3.3.1 **The Cash Flow Statement consists of three parts: Cash Flows from Operating Activities, Cash Flows from Investing Activities and Cash Flows from Financing Activities. Name the part where you will find the following entries:**

(i)	Shares repurchased	
(ii)	Income tax paid	
(iii)	Sale of fixed assets	

(3 x 1) | | **3** |

3.3.2 **Explain ONE decision taken by the directors of Nipho Limited that affects risk and gearing. Quote and comment on TWO financial indicators.**

Decisions:

Risk and gearing:

| | **8** |

TOTAL MARKS
35

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	

3

4.2.1

Identify the report type and explain why the auditor issued this type of report.
Type of report: **Reason:**

2

4.2.2

Explain TWO points why shareholders would be concerned about the company receiving such a report.

4

4.2.3 **The CEO requested that the auditor classify the expenses for the overseas trip as marketing and adjust the audit opinion accordingly. Provide TWO reasons why the auditor would disagree with the suggestion.**

4

4.2.4 **Apart from the issues above, explain why the company would be accused of poor corporate governance.**

2

TOTAL MARKS
15

TOTAL: 150

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