

Confidential

STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING P1

GRADE 12

NOVEMBER 2025

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

QUESTION 11.1 **Calculate the correct value of the closing stock of men's informal shirts.**

WORKINGS	ANSWER

6

1.2 **ORDINARY SHARE CAPITAL NOTE**

NUMBER	DETAILS	AMOUNT
2 750 000	Shares in issue at end of year	

8

1.3 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025

Assets		
Non-current assets		
Fixed assets at carrying value		
Current assets	5 798 000	
Trade and other receivables (735 000)		
Cash and cash equivalents		
Total assets		
Equity and liabilities		
Shareholders' equity		
Non-current liabilities		
Current liabilities		
Trade and other payables (878 500)		
Bank overdraft		
Total equity and liabilities		36

TOTAL MARKS
50

QUESTION 2

2.1 Reconciliation of Profit before Taxation and Cash Generated from Operations Note on 28 February 2025:

Change in receivables		
WORKINGS	ANSWER	INFLOW/OUTFLOW

3

Change in payables		
WORKINGS	ANSWER	INFLOW/OUTFLOW

4

2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2025

CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(316 250)
Dividends paid	(252 000)
CASH FLOW FROM INVESTING ACTIVITIES	
Change in fixed deposit	
CASH FLOW FROM FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING	
CASH AND CASH EQUIVALENTS AT END	

23

2.3 Calculate the following financial indicators for the year ended 28 February 2025:

Net asset value per share	
WORKINGS	ANSWER

3

Acid-test ratio	
WORKINGS	ANSWER

5

Dividend pay-out rate	
WORKINGS	ANSWER

5

2.4 The directors should be concerned about the cash resources of the company for the year ended 28 February 2025. Give ONE reason (with figures) for this concern.

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2

TOTAL MARKS
45

QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2 **Shorts Ltd**3.2.1 **Operating efficiency:**

The CEO believes that the company's pricing policy, when compared to its competitors, is well managed. Quote TWO financial indicators/ financial data with trends to support his statement.

4

3.2.2 **Liquidity:**

Explain how the credit policy has improved the liquidity of the company. Quote TWO financial indicators with trends.

4

3.2.3 Shareholding of Lewis Clark in Shorts Ltd:

Provide a calculation to show the effect which the repurchase of shares had on Lewis's % shareholding.	
WORKINGS	ANSWER

4

Give TWO reasons why the internal auditor expressed concern about the CFO persuading the board of directors to repurchase shares.

4

Calculate the additional amount that the company paid for the shares repurchased, compared to the share price on the JSE.	
WORKINGS	ANSWER

2

3.3 Shorts Ltd and Lynn Ltd

3.3.1 Returns and dividends pay-out policy:

The CEOs of both companies will discuss their companies' performance. Comment on what they should mention regarding % returns. Quote ONE financial indicator with figures.

4

A potential investor believes that Lynn Ltd has a better dividend pay-out policy when compared to Shorts Ltd. Explain why you would agree with her. Provide TWO points with figures.

4

3.3.2 Share price:

Comment on the shareholders' satisfaction with the performance of their share price. Quote TWO financial indicators to support your response.

4

3.4 Lynn Ltd

The debt-equity ratio indicates that additional loans were acquired during the financial year. The directors are of the opinion that this was a good decision. Quote ONE financial indicator to support their opinion.

3

3.5 Audit report of Lynn Ltd

Explain why the shareholders should be concerned about this audit report. Provide TWO points.

2

State TWO possible decisions that the shareholders could make based on this audit report.

2

TOTAL MARKS
40

QUESTION 4

4.1

Some shareholders are concerned about the donations made for environmental initiatives, believing that it is not their responsibility.

Advise the shareholders on why corporate donations are important for the company. Provide TWO points.

2

4.2

Explain TWO points why it is important for employees to report unethical behaviour in a business.

2

Suggest TWO actions that the company could take to prevent similar incidents in the future.

2

4.3 Explain the meaning of the term *insolvent*.

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2

4.4 Comment on how the 'rights issue' improved the solvency of the company to a favourable position. Refer to the effect of the rights issue on the assets, equities and liabilities of the company, assuming that the company's bank balance was favourable.

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3

4.5 Give TWO reasons why the existing shareholders responded positively to participating in the rights issue.

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4

TOTAL MARKS
15

TOTAL: 150