

MARKING GUIDELINES

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		MAY/JUNE 2025	
SUBJECT		ACCOUNTING	
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SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

FINAL APPROVED MARKING GUIDELINES	
DATE OF MEETING	
UMALUSI MODERATOR	
CHIEF MARKER	
INTERNAL MODERATOR	



MARKING GUIDELINES

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no foreign item penalty for misplaced item). No double penalty applied.
2. Full marks for correct answer. If answer incorrect, mark the workings provided.
3. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
4. 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.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
8. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
9. Codes: f=foreign item; p=placement/presentation.

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME AND NOTES TO THE FINANCIAL STATEMENTS

(55 marks; 45minutes)

1.1.1 ALHAVI LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024

RETAINED INCOME

Balance on 1 October 2023	149 830
Net profit after tax <i>balancing figure</i>	912 500 ✓
Re-purchase of shares	(233 580)
Ordinary share dividends	(700 000) ✓
Interim	340 000 ✓
Final (800 000 x 0,45)	360 000 ✓✓
Balance on 30 September 2024	128 750 ✓

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6

1.1.2

<p>Refer to information D. Calculate the stock on hand for 30 September 2024 and trading stock deficit/surplus.</p> <p>Closing stock = $12 + (100 + 131 + 20) - 3 - 238$ $= 22 ✓✓$</p> <p>∴ $(20 \times 18\ 000) + (2 \times 11\ 675)$ $= 360\ 000 ✓ + 23\ 350 ✓✓$ $= 383\ 350 ✓$</p> <p>TS deficit = $389\ 900 ✓ - 383\ 350 ✓$ $= 6\ 550 ✓$</p>
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1.1.2 ALHAVI LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 SEPTEMBER 2024

Sales		8 060 660 ✓
Cost of Sales $(8\ 060\ 660 + 948\ 430) \times \frac{100}{180}$	One part correct	(5 005 050) ✓
Gross profit	One part correct, COS must be subtracted	5 3 055 610 ✓
Other income		170 172 ✓
Rent income $(173\ 230 + 10\ 200 - 14\ 110) \div 13$	One part correct	169 320 ✓
Provision for bad debts adjustment $(6\ 344 - 5\ 492)$	One part correct	852 ✓
Gross income	Operation	9 3 225 782 ✓
Operating expenses	Operation	(1 985 907) ✓
Salaries and wages		621 418
Sundry expenses		219 990
Directors' fees $(637\ 490 - 13\ 010)$	One part correct	624 480 ✓
Depreciation $(211\ 242 - 10\ 710 + 9\ 520) - 1\ 190$	One part correct	210 052 ✓
Audit fees $(39\ 100 + 12\ 325)$		51 425 ✓
Repairs $(170\ 000 + 10\ 200)$		180 200 ✓
Packing material		16 830 ✓✓
Advertising $(34\ 998 + 2\ 964) \div 11 = 3\ 230 - 266$	One part correct	37 962 ✓
Trading stock deficit		6 550 ✓
Loss due to theft $(47\ 600 - 30\ 600)$	One part correct	17 000 ✓
Operating profit	Operation	21 1 239 875 ✓
Interest income	Balancing figure	77 649 ✓
Net profit before interest expense	Operation	1 317 524 ✓
Interest expense		(67 524)
Net profit before tax	Operation	1 250 000 ✓
Income tax $(912\ 500 \times \frac{27}{73})$		(337 500) ✓
Net profit after tax	see 1.1.1	5 912 500 ✓

-1 for foreign entries. Max of -2.

TOTAL MARKS
55
55

40
40

QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(45 marks; 35 minutes)

2.1	2.1.1	Executive directors ✓
	2.1.2	External auditors ✓
	2.1.3	Shareholders ✓
	2.1.4	Internal auditors ✓

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2.2 OCTONAUTS LTD.

2.2.1 ORDINARY SHARE CAPITAL

AUTHORISED SHARE CAPITAL
1 020 000 ordinary shares

ISSUED SHARE CAPITAL		
765 000	Ordinary shares on 1 May 2024	4 182 000 ✓
127 500	Issued on 1 January 2025 at R5 each	637 500 ✓✓
(59 500)	Re-purchase of shares on 30 April 2025 at R5,40 ✓✓ $\left[\frac{4\,498\,200}{765\,000 + 127\,500 - 59\,500} = R5,40 \right]$ Don't accept R371 875	(321 300) ✓
833 000 ✓	Ordinary shares on 30 April 2025	4 498 200

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2.2.2 OCTONAUTS LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Interest paid		
Dividends paid (102 000 ✓ + 76 500 ✓ ✓ amount in brackets)		* (178 500) ✓
Income tax paid (2 040 ✓ + 159 605 ✓ – 10 030 ✓) reversal of signs amount in brackets	8	* (151 615) ✓
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets (5 250 450 ✓ + 272 000 ✓ + 275 400 ✓ – 4 228 750 ✓) reversal of signs		* (1 569 100) ✓
* Proceeds from disposal of assets ✓		* 275 400 ✓
Change in investments	7	68 000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		
Re-purchase of shares		(371 875)
Change in non-current liabilities (837 250 – 382 500) ✓	2	* 454 750 ✓
NET CHANGE IN CASH AND CASH EQUIVALENTS		* 73 100 ✓
Cash and cash equivalents at the beginning of the year (2 125 – 55 335)		* (53 210) ✓ ✓
Cash and cash equivalents at the end of the year	3	19 890

20
20

2.2.3

<p>a) Calculate the debt-equity ratio. 837 250 ✓ : (4 498 200 ✓ + 227 801 ✓) 0,2 : 1 ✓ one part correct</p>

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b) Calculate the percentage operating profit on sales.
 $\frac{592\,450 \checkmark}{7\,354\,200 \checkmark} \times 100 = 8,1\% \checkmark$ **one part correct with % sign**

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c) Calculate the dividends per share (DPS) of a shareholder who owned the same number of shares for the entire financial period.

$\left(\frac{142\,800 \checkmark}{765\,000 \checkmark + 127\,500 \checkmark \text{ or } 892\,500 \text{ two marks}} \times 100 \right) + 10 \text{ cents} \checkmark = 26 \text{ cents} \checkmark$ **one part correct**
16 cents three marks

5
5

2.2.4

Do you think the business has managed its cash flow responsibly? Quote figures to support your answer.

Yes, the overdrawn bank balance of R55 335 \checkmark changed to a favourable bank balance of R19 890 \checkmark at the end of the year.

Alternative FOR TWO MARKS:

- Proceeds from asset disposal, R275 400
- Additional shares issue, R637 500
- Additional loan obtained, R454 750

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TOTAL MARKS
45
45

QUESTION 3: FINANCIAL INDICATORS AND INTERPRETATION (30 marks; 25 minutes)

3.1 MOTOWN LTD and AMELIA BEDELIA LTD

3.1.1 PURCHASES OF SHARES

(a) Explain why directors should be interested in the price of their companies' shares on the JSE.

Any ONE valid comment ✓ **one mark for partial or incomplete answer**

Responses for 1 mark:

- It shows public confidence in the company.
- It can be compared to other companies / an external indicator.
- Shareholders will want to have capital growth on their investment.
- Directors will be judged on the performance of the shares as this reflects the performance of the company.

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1

(b) Calculate the number of additional shares in MOTOWN LTD that Ella was able to buy on the JSE in 2024.

Workings	Answer
R587 993,50 ÷ R11,75	50 042 shares ✓ <input checked="" type="checkbox"/> one part correct

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(c) Comment on the price that Ella paid for these shares and give TWO reasons why she might have been satisfied to pay this price.

Compare price paid to NAV	Figures	Reasons
MOTOWN LTD: JSE price exceed NAV ✓	by 426 cents ✓	(R11,76 – R7,50)
Reasons (any 2 reason): 2 x ✓✓ ✓✓		
<ul style="list-style-type: none"> • JSE price reflects public demand for the shares • Potential for high returns in future 		

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3.1.2 DIVIDEND AND EARNINGS

(a) Explain in your opinion which company is more likely to expand, based on the Dividend pay-out policy. Quote figures or calculations.

Dividend pay-out policy

MOTOWN LTD: $\frac{91}{136} \times 100 = 66,9\%$ ✓✓

AMELIA BEDELIA LTD: $\frac{112}{116} \times 100 = 96,6\%$ ✓✓

MOTOWN LTD ✓ is retaining more profits ✓ to expand.

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(b) Compare and comment on the percentage return on equity earned by EACH company. Quote figures.

MOTOWN Ltd earns 6,2% ✓ **Award two marks for the difference 12%**

AMELIA BEDELIA LTD earns 18,2% ✓

Compare to interest rate of investments (6,5%) ✓

Shareholders in AMELIA BEDELIA LTD will be more satisfied as the return is higher than alternative investments. ✓

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(c) Ella feels that the earnings per share of AMELIA BEDELIA LTD is much better than MOTOWN LTD. Explain why she feels this way. Quote figures or calculations.

Quote EPS of AMELIA BEDELIA LTD 116 cents ✓

Quote EPS of MOTOWN LTD 136 cents ✓

Compare EPS of both companies to share value OR to number of shares owned OR % ROSHE OR Net Profit ✓

Identify figures for any one comparison below ✓✓

AMELIA BEDELIA LTD	MOTOWN LTD
Cost of shares are low (market value R5,60 or NAV R4,45)	Cost of shares are high (market value R11,76 or NAV of R7,50)
EPS is earned on 2 002 000 shares	EPS is earned on 812 000 shares
% ROSHE is 18,2%	% ROSHE is 6,2%
NP after tax is R 4 222 400 (3 640 000 x116c)	NP after tax is R 2 360 960 (1 736 000 x136c)

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3.1.3

Ella Bella feels that AMELIA BEDELIA Ltd. should repay the loan as soon as possible. Explain what you will say to her. Give TWO financial indicators (with figures) to support your opinion.

Financial indicator with figures	Explanation
Debt – equity ratio is 0,7 : 1 ✓ ROTCE is 15,1% ✓	Financial risk is high. ✓ Rely on loans. Positive gearing ✓, ROSHE at 15,1% is more than interest on loan at 12% ✓ Funds are used effectively and are not required to repay loan as soon as possible. ✓

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Total Marks
30
30

QUESTION 4: AUDIT REPORT AND CORPORATE GOVERNANCE (20 marks; 15 minutes)

4.1 AUDIT REPORT

4.1.1	<p>To whom is the audit report addressed and why?</p> <p>Shareholder ✓ because they are the owners ✓ of the company.</p>	<p style="text-align: center;">2</p> <hr/> <p style="text-align: center;">2</p>
4.1.2	<p>Who must ensure that the financial statements are prepared and presented at the annual general meeting?</p> <p>Directors / Management / CEO / CFO ✓</p>	<p style="text-align: center;">1</p> <hr/> <p style="text-align: center;">1</p>
4.1.3	<p>What kind of audit report was given? Prove your answer by quoting from the audit report.</p> <p>Unqualified ✓</p> <p>“the annual financial statements fairly presented, in all material aspects” ✓✓</p>	<p style="text-align: center;">3</p> <hr/> <p style="text-align: center;">3</p>
4.1.4	<p>Explain why the independent auditors referred to pages 10 – 30 in the report.</p> <p>Any valid explanation ✓✓ Part-marks for unclear / incomplete answers</p> <ul style="list-style-type: none"> • Auditors are responsible for only parts / certain pages of the annual report. • They are not accountable for the other information in the annual reports. • Financial statements on pages 10 –30 were subjected to audit / examination. • Additional information, such as corporate social investment matters, is not audited. <p>Do not accept statistical sampling as a reason.</p>	<p style="text-align: center;">2</p> <hr/> <p style="text-align: center;">2</p>
4.1.5	<p>What does the abbreviation IFRS stand for?</p> <p>International Financial Reporting standards ✓</p>	<p style="text-align: center;">1</p> <hr/> <p style="text-align: center;">1</p>

4.2.1	<p>Provide TWO possible reasons why the CEO was fined, and not the company.</p> <p>TWO valid and different points ✓✓ ✓✓ part marks for incomplete / partial answers</p> <ul style="list-style-type: none"> • Is the highest-ranking executive of the company. • Guides company practices and procedures. • Oversees company operations. • Communicating between board of directors and other executives. • Making important decisions, which affect the company's image.
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4.2.2	<p>Provide TWO reasons why the JSE took this action.</p> <p>TWO valid and different points ✓✓ ✓✓ part marks for incomplete / partial answers</p> <ul style="list-style-type: none"> • They will not deceive the public as it is their role to ensure that sound business management practices are in place / do not want to cast doubt on their operations. • Would want to avoid any legal action against the JSE for misleading shareholders / Reputation of JSE may become questionable. • JSE is a vital organisation in facilitating capital funds that stimulate the economy / leads to creation of jobs / public relies on credible information. JSE competes with international stock markets / need to guard their activities / ensure adherence to rules and regulations.
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4.2.3	<p>Identify ONE other party (stakeholder) that could also be accountable for allowing this situation. Provide a reason.</p> <p>ONE valid party ✓ Reason ✓✓ part marks for incomplete / partial answers</p> <ul style="list-style-type: none"> • Board of directors: Plays a supervisory role / overseeing corporate activities and assessing performance / look after shareholders' interest. • CFO (Chief financial officer): Managing the financial actions of the company / overseeing all aspects of its financial success. • Audit and risk committee: Monitoring the financial reporting processes / the compliance processes / the performance of auditors / overseeing the audit program.
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TOTAL MARKS
20
20