



NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2025

ACCOUNTING P1 MARKING GUIDELINE

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:** If figures are stipulated in marking guideline components of workings, these do not carry the method mark for final answer as well.
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. This marking guideline 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, marker 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 guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 9 pages.

QUESTION 1

1.1	(a)	Calculate the cost of Land and Buildings on 1 March 2024.		
		1 780 000 – 230 000	1 550 000 ✓✓	2
	(b)	Calculate the carrying value of equipment sold on 28 February 2025		
		Depr on 29 Feb 2024: $70\,000 \times 10\% \times 9/12 = 5\,250$ Depr on 28 Feb 2025: $(70\,000 - 5\,250) \times 10\% = 6\,475$ $70\,000 \checkmark - 5\,250 \checkmark - 6\,475 \checkmark$	58 275 ✓ one part correct	4
	(c)	Calculate the total depreciation on vehicles on 28 February 2025		
		$46\,500 - 1 = 46\,499$ $500\,000 \times 20\% \times 3/12 = 25\,000$ $46\,499 \checkmark + 25\,000 \checkmark$	71 499 ✓ one part correct	3
	(d)	Calculate the carrying value of vehicles on 28 February 2025		
		$46\,500 \checkmark + 500\,000 \checkmark - 71\,499 \checkmark$	475 001 ✓ one part correct	4

1.2 TRADE AND OTHER RECEIVABLES

Net trade debtors (328 590 + 175 ✓)		328 765	<input checked="" type="checkbox"/>
Prepaid Expense (184 100 x 2/14)	one part correct	26 300	✓ <input checked="" type="checkbox"/>
Accrued Income (187 440 x 112/1 136)	one part correct	18 480	✓ <input checked="" type="checkbox"/>
	operation	373 545	<input checked="" type="checkbox"/>

7

RETAINED INCOME NOTE

Balance on 1 March 2024		298 000	
[108 400 one mark + 142 768 one mark] Net profit after tax (251 168 ✓✓ x 68/32 ✓)	one part correct	533 732	<input checked="" type="checkbox"/>
Repurchase of shares		(90 400)	
Ordinary share dividends	Paid + Recomm	(300 000)	<input checked="" type="checkbox"/>
- paid		108 000	
- recommended (12/100 x 1 600 000)	one part correct	192 000	✓ <input checked="" type="checkbox"/>
Balance on 28 February 2025 <i>must add NPAT and deduct OSD and repurchase of shares</i>		441 332	<input checked="" type="checkbox"/>

8

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025

ASSETS	
NON-CURRENT ASSETS	2 658 646 <input checked="" type="checkbox"/>
Tangible assets (1 780 000 + 475 001 + 295 245)	2 550 246 <input checked="" type="checkbox"/>
Financial assets (Fixed deposit) (135 500 – 27 100 ✓)	108 400 <input checked="" type="checkbox"/>
CURRENT ASSETS <i>Total Assets minus Non-current assets</i>	1 842 314 <input checked="" type="checkbox"/>
Inventories (736 090 + 4 760 ✓)	740 850 <input checked="" type="checkbox"/>
Trade and other receivables <i>see T&OR Note</i>	373 545 <input checked="" type="checkbox"/>
Cash and cash equivalents <i>Balancing figure</i>	727 919 <input checked="" type="checkbox"/>
TOTAL ASSETS <i>see Total Equity and Liabilities</i>	4 500 960 <input checked="" type="checkbox"/>
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY (1 600 000 x 220c)	3 520 000 ✓✓
Ordinary share capital <i>Balancing figure</i>	3 078 668 <input checked="" type="checkbox"/>
Retained income <i>see Retained Income Note</i>	441 332 <input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES	325 940
Loan: Abu Bank (448 000 – 114 060 ✓ + 57 000 ✓ – 65 000 ✓) <i>one part correct</i>	325 940 <input checked="" type="checkbox"/>
CURRENT LIABILITIES	655 020 <input checked="" type="checkbox"/>
Trade and other payables (210 100 + 79 520 ✓✓)	289 620 <input checked="" type="checkbox"/>
SARS (income tax)	108 400 ✓
Shareholders for dividends <i>see Retained Income Note</i>	192 000 <input checked="" type="checkbox"/>
Short term portion of loan <i>see Loan</i>	65 000 <input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES <i>operation</i>	4 500 960 <input checked="" type="checkbox"/>

27

Inspect: SARS: IT and SHFD may be included in T & OP.

TOTAL MARKS

55

QUESTION 2

MANTSANE LTD

2.1

Calculate: Dividends paid	
WORKINGS	ANSWER
144 000 ✓ + 120 000 ✓	264 000 <input checked="" type="checkbox"/> one part correct

3

2.2

Calculate: Taxation paid	
WORKINGS	ANSWER
246 090 two marks 204 000 ✓ + (820 300 ✓ - 574 210 ✓) + 175 000 ✓	625 090 <input checked="" type="checkbox"/> one part correct

5

2.2.1

Calculate: Percentage return on total capital employed	
WORKINGS	ANSWER
935 800 two marks 820 300 ✓ + 115 500 ✓ $\frac{1}{2} \checkmark ((6\,897\,610 + 900\,000) \checkmark (6\,438\,400 + 500\,000) \checkmark) \times 100$ 7 797 610 one mark 6 938 400 one mark 14 736 010 two marks 7 368 005 three marks	12,7% <input checked="" type="checkbox"/> one part correct

6

2.2.2

Calculate: Acid test ratio	
WORKINGS	ANSWER
246 090 two marks (1 710 820 ✓ - 776 740 ✓) : 1 478 850 ✓ OR (648 310 + 285 770) : 1 478 850	0,6 : 1 <input checked="" type="checkbox"/> one part correct

4

2.2.3

Calculate: Percentage operating profit on sales	
WORKINGS	ANSWER
[2 521 000 - 1 682 200] one mark 838 800 ✓ $\frac{838\,800 \checkmark}{4\,790\,000 \checkmark} \times 100$	17,5% <input checked="" type="checkbox"/> one part correct

3

2.3.1	CASH FLOWS FROM INVESTING ACTIVITIES	(551 000) <input checked="" type="checkbox"/>	
	Fixed assets purchased (5 810 000 ✓ – 475 360 ✓ – 549 000 ✓ – 6 135 640 ✓)	(1 350 000) <input checked="" type="checkbox"/>	
	Proceeds from sale of fixed assets	549 000	
	Investments matured (1 680 000 – 1 430 000)	250 000 ✓ <input checked="" type="checkbox"/>	8

NOTE: Allocate method mark for both 'one part correct' and 'correct sign'

2.3.2	CASH FLOWS FROM FINANCING ACTIVITIES	600 000 <input checked="" type="checkbox"/>	
	Proceeds from sale of shares	2 000 000 ✓	
	Repurchase of shares (300 000 x 6 ✓✓)	(1 800 000) <input checked="" type="checkbox"/>	
	Loan obtained (900 000 – 500 000)	400 000 ✓ <input checked="" type="checkbox"/>	7

NOTE: Allocate method mark for both 'one part correct' and 'correct sign'

2.3.3	NET CHANGE IN CASH AND CASH EQUIVALENTS	338 770 <input checked="" type="checkbox"/>	
	Cash (balance at the beginning of the year) (22 000 – 75 000)	(53 000) ✓ <input checked="" type="checkbox"/>	
	Cash (balance at the end of the year)	285 770 <input checked="" type="checkbox"/>	4

NOTE: Allocate method mark for both 'one part correct' and 'correct sign'

TOTAL MARKS

40

QUESTION 3

3.1 Profitability:

Quote and explain TWO financial indicators to show which company is managing its expenses more efficiently.

Financial indicators ✓✓ figures and trends from Lisele Ltd with figures ✓✓

If figures are shown for Sinako Ltd, award marks to names of indicators (max 2 marks)

Lisele Ltd:

- % operating expenses on sales improved/decreased (from 19,2%) to 15,1% / by 21,4% / by 4,1 % points
- % operating profit on sales increased (from 24,5%) to 27,0% / by 10,2% / by 2,5 % points
- % net profit on sales increased (from 17,3%) to 20,9% / by 20,8% / by 3,6 % points

4

3.2 Dividends, earnings and returns:

Comment on the dividend pay-out policy of Sinako Ltd. Explain why the change in policy was irresponsible.

Figures ✓ trend ✓

- The dividend pay-out rate increased (from 64%) to 110% / by 71,9% / by 46% points

Explanation ✓✓

- The company is using the Retained income reserve extensively (which can be effectively used to rebuild profitability)/the company is trying to keep the shareholders happy at the expense of the company/trying to influence the market price of shares by increasing dividends.

4

Comment on the % return on shareholders' equity of EACH company. Explain the effect on Sinako Ltd.

Financial indicator with figures and trend (for each company) ✓✓

Sinako Ltd:

ROSHE dropped (from 13,7%) to 9,4% / by 31,4% / by 4,3% points

Lisele Ltd:

ROSHE improved (from 11,2%) to 17,5% / by 56,3% / by 6,3% points

Explanation (Sinako Ltd) ✓✓

- **Sinako Ltd:** return earned from the business is less than 14% that could be earned from alternative investment/ Better return on alternative investment of 14%.

4

Sindiswa, a shareholder, feels that earnings per share (EPS) in Lisele Ltd are better than in Sinako Ltd. Explain why you agree with her.

Compare EPS to the value of shares (MP / NAV) for **both companies** with figures ✓✓ ✓✓

Part marks for incomplete / partial / unclear responses

- Sinako Ltd earned 96c on a share valued at 1060c/1158c while Lisele Ltd earned 87c on a share valued at 800c/743c
- EPS to NAV is 8,3% in Sinako Ltd and 11,7% in Lisele Ltd
- EPS to MP is 9,1% in Sinako Ltd (96/1060) and 10,9% in Lisele Ltd (87/800)

4

3.3 Shareholding of Lorna Ngendu:

- **Comment on the price paid for the shares repurchased by Sinako Ltd. Provide TWO points.**

Any TWO valid points ✓✓ Figures ✓✓ part marks for incomplete / partial / unclear responses

- The repurchase price of R15,00 exceeds the market value per share of R10,60/by R4,40 (440 cents).
- The repurchase price of R15,00 exceeds the NAV per share of R11,58/by R3,42 (342 cents).
- She is taking advantage of her status as a majority shareholder (she owns 51% of the company shares)

4

- **Calculate the number of shares that Lorna purchased in Lisele Ltd with the money she received from the share buyback at Sinako Ltd.**

$$\frac{3\,000\,000}{8} = 375\,000 \text{ shares } \checkmark \checkmark$$

2

- **Explain the effect of the share repurchase on the % shareholding of Lorna Ngendu in Lisele Ltd. Quote figures.**

Explanation including shareholding status ✓✓ trend with figures ✓✓

- Lorna had 42,5% of the shares in Lisele Ltd. She now has 50,6% of the shares (1 012 500 / 2 000 000)
- She is now the majority shareholder.

4

3.4 Financing strategies and gearing:

- **Explain the decisions taken by the directors of Lisele Ltd and how these will benefit the company. Provide TWO points with figures.**

Any TWO decisions ✓✓ Figures ✓✓

- Decreased the loan by R550 000
- Increased the share capital by R4 000 000/500 000 shares
- Net increase of R3 450 000 to total capital employed

Explanation of TWO benefits ✓✓ ✓✓

- Improved debt-equity ratio/reduced risk/improved creditworthiness
- Improved % return on average capital employed
- Money generated to be spent on items which could generate further profits in future (fixed assets)

8

- **Explain how the decisions taken by Sinako Ltd affected the risk and gearing of the business. Quote TWO financial indicators.**

TWO financial indicators ✓✓ trend with figures ✓✓

- Debt/Equity: increased (from 0,5 : 1) to 1,2 : 1 / by 0,7 : 1
- ROTCE: is decreased (from 13,7%) to 9,4% / by 31,4% / by 4,3% points

Explanation (could be combined with indicators and figures above) ✓✓

- The business is at high risk due to large increase in loan
- The business is experiencing negative gearing (ROTCE is 9,4% which is lower than the interest rate of 16%) /loan was not effectively used to generate profits

6

TOTAL MARKS

40

QUESTION 4

4.1

Choose the correct word(s) from those given in brackets.

4.1.1	Directors	✓
4.1.2	Disclaimer of opinion	✓
4.1.3	Good corporate governance	✓

3

4.2

Audit Report

4.2.1 What type of audit report did Kanghol Ltd receive in 2025?

- Qualified Audit Report

1

4.2.2 Where is this audit report expected to be presented? Give ONE point.

Any ONE valid points ✓

- On the Annual Report to shareholders
- At the Annual General Meeting (AGM)
- On financial publications and newspapers
- On the internet

1

4.2.3 Explain TWO points on the impact of this report on the company.

Any TWO valid points ✓✓ ✓✓

- The financial reporting and internal controls of the company may not be relied upon.
- It alarms investors of potentially larger problems that could threaten the long-term viability of the company.
- It raises concerns about the company's financial health and governance which could damage its reputation/image.
- It can make it difficult for the company to secure financing in the future.
- It can help financial management teams to identify areas of the company that need looking into in order to improve its financial status.

4

4.3

Explain why companies would want to give back to the communities. State THREE points.

Any THREE valid points ✓✓ ✓✓ ✓✓

- To comply with the guidelines for CSR established by the King Code for companies.
- According to labour law, companies are responsible for skills development.
- Companies depend on communities for their success.
- The wellbeing of its employees will influence the profits of the company.

6

TOTAL MARKS

15

TOTAL: 150