



NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2025

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, 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. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. 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). **NOTE:** if figures are stipulated in marking guideline for 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer, before awarding a mark.
10. 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 the marking guideline.
11. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 9 pages.

QUESTION 1

1.1	1.1.1	Financial asset	✓
	1.1.2	Independent auditor	✓
	1.1.3	Capital employed	✓
	1.1.4	Current liabilities	✓

4

1.2.1 Calculate profit/loss on sale of vehicle.

WORKINGS	ANSWER
$148\,000 \times 15/100 \times 9/12 = 16\,650$ ✓ $148\,000 - 16\,650 = 131\,350$ $125\,500$ ✓ – $131\,350$ ✓ must deduct new carrying value	$5\,850$ ✓ one part correct

4

1.2.2 Calculate the value of closing stock of electrical plugs using the weighted-average method.

WORKINGS	ANSWER
$\frac{(174\,400 + 501\,400 + 440\,000 - 21\,800)}{(800 + 2\,300 + 2\,000 - 100)} \checkmark \checkmark^*$ $= 218,8 \times 1\,250$	$273\,500$ ✓* must x by 1 250

5

*One part correct

1.2.3 Use the table provided to calculate the correct net profit after tax for the year ended 28 February 2025.

Indicate '+' for increase and '-' for decrease at each adjusted amount.

	WORKINGS	ANSWER
	Incorrect net profit before tax	3 825 850
(i)	Loss on sale of asset	- 5 850 <input checked="" type="checkbox"/> <small>see 1.2.1</small>
(ii)	Depreciation (16 650 <input checked="" type="checkbox"/> + 6 750 ✓)	- 23 400 <input checked="" type="checkbox"/> *
(iii)	Provision for bad debts adjustment (30 450 – 27 950)	+ 2 500 ✓ <input checked="" type="checkbox"/> *
(iv)	Donation (12 000 x 100/80)	- 15 000 ✓ <input checked="" type="checkbox"/> *
(v)	Advertising (18 600 ✓ / 6 x 2 ✓)	+ 6 200 <input checked="" type="checkbox"/> *
(vi)	Bad debts recovered	+ 4 500 ✓
(vii)	Rent income (216 000 + 8 000) x 105/1120	- 21 000 ✓ <input checked="" type="checkbox"/> *
	Income tax (870 000 + 130 000)	- 1 000 000 ✓ <input checked="" type="checkbox"/> *
	Correct net profit after tax	2 773 800 <input checked="" type="checkbox"/> *

* one part correct

1.2.4 Statement of Financial Position on 28 February 2025.

ASSETS	
NON-CURRENT ASSETS	
Fixed assets (3 022 400 +180 000 ✓ - 131 350 <input checked="" type="checkbox"/> - 23 400 <input checked="" type="checkbox"/> <small>see CV in 1.2.1 see depr. in 1.2.3</small>)	3 047 650 <input checked="" type="checkbox"/> *
Financial assets	
CURRENT ASSETS (1 902 930 x 2)	3 805 860 <input checked="" type="checkbox"/> *
Inventories (1 620 000 +273 500 <input checked="" type="checkbox"/> +15 200 ✓ -15 000 <input checked="" type="checkbox"/> <small>see 1.2.2 see donation</small>)	1 893 700 <input checked="" type="checkbox"/> *
Trade and other receivables (688 200 + 10 550 ✓ - 27 950 <input checked="" type="checkbox"/> + 6 200 <input checked="" type="checkbox"/> see advertisements) <small>see 1.2.3(iii)</small>	677 000 <input checked="" type="checkbox"/> *
Cash and cash equivalents <small># balancing figure</small>	1 228 960 <input checked="" type="checkbox"/> *
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Shareholders' equity	7 877 800 <input checked="" type="checkbox"/> *
Ordinary share capital	5 800 000
Retained income (384 000 + 2 773 800 <input checked="" type="checkbox"/> see NPAT - 36 000 ✓ - 1 044 000 ✓)	2 077 800 <input checked="" type="checkbox"/> *
NON-CURRENT LIABILITIES	514 770
Loan (720 000 ✓ – 205 230 ✓✓) <small>*subtract any figure</small>	514 770 <input checked="" type="checkbox"/> *
CURRENT LIABILITIES	1 902 930 <input checked="" type="checkbox"/> *
Trade and other payables (896 150 +10 550 ✓ + 21 000 <input checked="" type="checkbox"/> <small>see Rent</small>)	927 700 <input checked="" type="checkbox"/> *
Current portion/ short term loan <small>(see NCL)</small>	205 230 <input checked="" type="checkbox"/>
SARS (Income tax)	130 000 ✓
Shareholders for dividends (1 044 000 – 404 000)	640 000 ✓
TOTAL EQUITY AND LIABILITIES	

30

* one part correct (does not include the pre-adjustment amount printed)

TOTAL MARKS

60

QUESTION 2

2.1.1 LUBANZI LTD
ORDINARY SHARE CAPITAL

760 000	Shares in issue at beginning	3 800 000
150 000 ✓	Share issued during the year balancing figure	3 480 000 <input checked="" type="checkbox"/>
(60 000) ✓ ignore brackets	Shares repurchased @ R8 per share	(480 000) ✓
850 000 <input checked="" type="checkbox"/> check operation	Shares in issue at the end @ R8 ✓ per share	6 800 000 <input checked="" type="checkbox"/> one part correct

7

2.1.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	
Taxation paid (49 800 ✓ – 497 400 ✓✓ + 52 500 ✓) signs can be reversed; mark one option consistently	(395 100) <input checked="" type="checkbox"/> *
Dividends paid (182 000 ✓ + 198 000 ✓)	(380 000) <input checked="" type="checkbox"/> *
CASH EFFECTS OF INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	60 800 ✓
Purchase of fixed assets (5 040 600 ✓ – 196 700 ✓ – 60 800 <input checked="" type="checkbox"/> – 5 445 900 ✓) signs can be reversed; mark one option consistently	(662 800) <input checked="" type="checkbox"/> *
Investment matured	180 000 ✓
CASH EFFECT OF FINANCING ACTIVITIES	
Proceeds from sale of shares see 2.1.1	3 480 000 <input checked="" type="checkbox"/>
Funds used for buy back of shares	600 000
Loan (4 255 000 – 3 840 000) OR (890 500 – 475 500)	(415 000) ✓ <input checked="" type="checkbox"/> *
NET CHANGE IN CASH AND CASH EQUIVALENTS	1 244 300 <input checked="" type="checkbox"/> operation
Cash and cash equivalents at the beginning of the year (119 500 – 419 800)	(300 300) ✓ <input checked="" type="checkbox"/> *
Cash and cash equivalents at the end of the year	944 000 ✓

22

* one part correct and the correct flow of cash shown

2.2 Calculate the following financial indicators on 30 June 2025:

2.2.1 Current ratio

WORKINGS	ANSWER
4 180 200 ✓ : 1 678 900 ✓	2,5 : 1 ✓ one part correct; x:1

3

2.2.2 Dividends per share (in cents)

WORKINGS	ANSWER
$\frac{182\,000}{910\,000} \times 100 + \frac{212\,500}{850\,000} \times 100$ $= 20c \checkmark + 25c \checkmark$	45 cents ✓ one part correct accept 0.45 / R0.45; assume cents if not specified

3

2.2.3 Stock turn-over rate

WORKINGS	ANSWER
$\frac{(5\,950\,000 - 2\,700\,000)}{3\,250\,000 \checkmark \checkmark}$ $\frac{1}{2} (1\,120\,900 \checkmark + 970\,100 \checkmark)$ $1\,045\,500 \text{ two marks}$	3,1 times ✓ one part correct

5

TOTAL MARKS

40

QUESTION 3

3.1 Dividends, earnings and returns:

In 2025 the directors decided to change the policy on distribution of profits in a form of dividends.

- Do a calculation to illustrate the policy change.

2024

2025

$$\frac{89}{101} \times 100 = 88,1\% \text{ or } 88\% \checkmark$$

$$\frac{60}{112} \times 100 = 53,6\% \text{ or } 54\% \checkmark$$

2

- Comment on the effect of this change of policy on the company. State TWO points.

Two valid points ✓✓ ✓✓

- Funds have been retained for future expansion.
- Shareholders will benefit in the future as funds have been set aside.
- This was done to protect the cash flow of the business.

4

3.2

The company CEO, Iris Chris wants to share good news to the shareholders at the AGM. Give advice on what he should say about the following topics:

- % return earned:

Figures and trend ✓ Compare to alternative investment ✓✓

ROSHE increased (from 12,9%) to 19,1% / by 48% / 6,2 % points.

ROSHE is above interest on alternative investment of 7,5%, shows better investment in the company.

3

- Earnings per share:

Figures and trend ✓ comment on profitability ✓

EPS increased (from 101c) to 112c / by 11c

This indicates an increase in the profitability of the company.

2

- Share price on the JSE:

Comparison of market price with NAV ✓✓

Comment ✓✓

ONE MARK OPTION: Quoting NAV/MP only with figures and trends

MP increased from 425c to 885c / by 460c which is above the NAV of 675c / by 210c.

Comment:

Investors are willing to pay more for the shares / shares are in demand / shows investor confidence in the company / company is showing growth which impacted the market price positively.

4

3.3 Financing strategies and gearing:

• **Comment on the degree of risk and gearing of the company.**

Two financial indicators ✓✓ figures and trends ✓✓ Comment ✓✓

- Debt-equity ratio decreased/improved (from 0,5:1) to 0,27:1. The degree of risk is low / the financial risk has decreased
- ROTCE increased (from 16%) to 20,2% by 4,2% points. ROTCE is higher than the interest on loan of 13% / company is positively geared.

6

The directors are planning to acquire new fixed assets to expand company operations in the next financial year.

• **Some directors are of the opinion that taking out an additional loan is the better choice than issuing additional shares. Explain why they feel this way. Mention THREE points.**

Three valid points ✓✓ ✓✓ ✓✓ Part marks for unclear/partial answers

- Debt equity ratio of 0,27 : 1 shows that the business is still low risk / can still be able to borrow funds.
- Funds are readily available from the bank without diluting the current shareholders' interests by issuing more shares.
- ROTCE is higher than interest rate on loans - indicating effective use of loans.
- Loan and interest will stop when paid off, compared to dividends on shares that go on forever, as long as there are shareholders in the company.

6

3.4 Share capital and % shareholding: Refer to information B

Lihle and Sono decided that they want to combine their votes in the next annual general meeting (AGM).

• **Explain with figures why would they take this decision.**

Explanation ✓✓ Figures ✓✓

They want to become majority shareholders / gain clear control of the company / have more influence on decision making.

$$\frac{552\,000 + 672\,000}{2\,400\,000} \times 100 = 51\%$$

4

• **As an existing shareholder in the company, explain why would you be concerned about their decision. State TWO points.**

TWO valid points ✓✓ ✓✓ part marks for unclear or partial answers.

- Whether their motives are not corrupt or for their own personal gain.
- Do they have experience and skills to benefit the company in their decision making.
- Effect on the company if one of them discontinues with the coalition / possibility of instability in the company
- Whether they will support the current team of directors who are serving in key positions.

4

TOTAL MARKS

35

QUESTION 4

4.1	4.1.1	B ✓	
	4.1.2	C ✓	
	4.1.3	A ✓	

3

- 4.2 Different parties would be interested in the financial statements of a company and its audit opinion.

Name any TWO of these parties and explain why would they be interested.

Any TWO parties ✓ ✓ Explanation of each ✓ ✓

Prospective investors - To make investments

Lenders - To see whether the company is solvent and the security for their loans.

Suppliers - To see if amounts owed can be paid

SARS - For accurate calculation of tax payable

Competitors - To compare trading results

Trade unions - For wage negotiations and job security

Board of directors - To assess performance

Government - For statistical information

Registrar of companies (CIPC) - To check compliance with legislations

4

- 4.3 (a) Explain the difference between the roles performed by the executive and non-executive directors in a company.

Explanation of:

Executive directors ✓✓	Non-executive directors ✓✓
Are involved in day-to-day running of the company.	They serve a watch-dog role to: <ul style="list-style-type: none"> • protect or to safeguard the investment of shareholders • hold executive directors accountable for their decisions • check the work of the executive directors and report to the board. They provide an objective judgement on the issues.

4

- (b) Explain your concern as a shareholder in the company regarding the CEO's actions.

Any ONE valid point ✓✓

Conflict of interests – The CEO used business resources for his gain/Act of corruption/Caused financial loss to the company through his actions/Failed to perform his duty of not accepting benefits from third parties.

2

- (c) What implications will this have on the CEO. Mention TWO points.

TWO valid points ✓ ✓

- Could be voted out of office / demoted.
- Bad reputation and credentials.
- Could face disciplinary action.

2

TOTAL MARKS

15

TOTAL: 150