

# SA's Leading Past Year

## Exam Paper Portal



You have Downloaded, yet Another Great Resource to assist you with your Studies 😊

Thank You for Supporting SA Exam Papers

Your Leading Past Year Exam Paper Resource Portal

Visit us @ [www.saexampapers.co.za](http://www.saexampapers.co.za)



# SA EXAM PAPERS

SA EXAM  
PAPERS



**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING P1**

**MARKING GUIDELINES**

**SEPTEMBER 2023**

**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).
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 the workings.
4. If a pre-adjustment figure is shown as the final figure, award part-mark as a working mark for that figure (not the method mark for the answer). **Note:** if figures are stipulated in memo for components of workings, these do not carry the method 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 memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
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, the marker must inspect the reasonableness of the answer.
11. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷, or per candidate's calculation (if valid) or per memo.
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, 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.

**This marking guideline consists of 8 pages.**

### QUESTION 1

**1.1 Calculate the total depreciation for the year.**

WORKINGS	ANSWER
<p><b>Vehicles</b>  <math>(170\,000 \times 20\% \times 9/12)</math> <b>One mark</b>  Sold: 25 500 ✓</p> <p><math>(800\,000 - 415\,000 - 170\,000)</math> <b>two marks</b>  Old: 215 000 ✓✓ <math>\times 20/100</math>  = 43 000 ✓ <b>One part correct</b></p> <p><b>Equipment</b>  860 000 <b>Two marks</b> <b>One mark</b>  Old: <math>[(910\,000 - 50\,000) - 782\,000] - 1</math>  78 000 ✓✓ -1 ✓</p> <p>= 77 999 <b>three marks</b></p> <p>New: <math>50\,000 \times 15/100 \times 4/12</math>  = 2 500 ✓✓ <b>One part correct</b></p> <p style="text-align: center;">OR</p> <p>25 500 + 43 000 + 77 999 + 2 500 =</p>	<p>148 999 ✓  <b>operation one part correct</b>  (%s are not considered for one part correct)</p>

10
----

### Alternative Calculations

WORKINGS	ANSWER
<p><b>Vehicles</b>  <math>(800\,000 - 415\,000 - 170\,000)</math>  <math>170\,000 \times 20\% \times 9/12</math> 215 000 <math>\times 20\%</math>  25 500 + 43 000 = 68 500  <b>One mark</b> <b>two marks + 1 m/mark</b> <b>four marks</b>  <b>One part correct</b></p> <p><b>Equipment</b>  <math>(910\,000 - 50\,000)</math>  <math>(860\,000 - 782\,000) - 1</math> <math>50\,000 \times 15\% \times 4/12</math>  <b>two marks</b> <b>one mark</b> <b>one mark</b>  77 999 + 2 500 = 80 499  <b>Four marks</b> <b>one mark</b> <b>five marks</b></p>	<p>148 999  <b>Operation</b>  <b>(must be Veh + Equip)</b>  <b>One part correct</b>  (%s are not considered for one part correct)</p>



1.2	<b>Statement of Comprehensive Income for the year ended on 28 February 2023</b>		
	<b>Sales</b> (8 175 300*✓✓ – 360 000✓) one part correct	7 815 300	✓
	<b>Cost of sales</b>	(4 809 000)	
5	Gross profit Operation	3 006 300	✓
	Other operating income Operation	605 720	✓
	<b>Service fee income</b>	<b>550 000</b>	
	Rent income (62 800✓ – 13 200**✓✓) one part correct	49 600	✓
	Profit on sale of an asset (170 000✓ – 25 500✓ – 150 000✓) Or 150 000 One m + 25 500 One m – 170 000 One m Or 150 000 One m – 145 000 Two m	5 500	✓
11	Provision for bad debts adjustment (8 135 – 7 515)	620	✓✓
	Operating income	3 612 020	
	Operating expenses Operation	(1 582 020)	✓
	<b>Audit fees</b>	<b>188 410</b>	
	<b>Salaries and wages</b>	<b>526 855</b>	
	<b>Insurance</b>	<b>14 700</b>	
	<b>Depreciation</b> See 1.1	148 999	✓
	Directors fees (625 000✓ – 25 000***✓)	600 000	✓
	Advertising (87 000✓ – 4 300****✓✓)	82 700	✓
10	Sundry expenses Balancing/missing figure	20 356	✓
	<b>Operating profit</b>	<b>2 030 000</b>	
	<b>Interest income</b> Missing figure	200 000	✓
	<b>Operating profit before interest expenses</b> Operation	2 230 000	✓
	<b>Interest expenses</b> (3 100 000 – 480 000✓ – 2 850 000✓) one part correct	(230 000)	✓
	<b>Net profit before taxation</b> (600 000 x 100/30) ✓	2 000 000	✓
	<b>Taxation</b>	(600 000)	✓
9	<b>Net profit after tax</b> taxation x70/30 or NPBT x70/100	1 400 000	✓

35

Foreign entry -1 max -2

\* Sales 4 809 000 x 170/100 = 8 175 300

\*\* Rent income 62 800 x 770/1 570 = 30 800; 30 800 x 3/7 = 13 200  
OR (62 800/15,7) X 1.1 = 4 400; 4 400 x 3 = 13 200

\*\*\* Directors fees 625 000 / 25 = 25 000

\*\*\*\* Advertising [(57 700 + (200X4))/13] = 4 500 – 200 = 4 300  
OR 57 700 – 1 800 = 55 900 / 13 = 4 300  
200 X 9

## 1.3 Current liabilities section of the Statement of Financial Position

<b>Current liabilities</b> operation	672 455	✓
Trade and other payables (112 755✓ + 13 200✓ + 15 000✓)	140 955	✓
Shareholders for dividends (380 000✓ – 210 000✓)	170 000	✓
SARS- income tax (600 000✓ – 500 000✓)	100 000	✓
Current portion of loan (480 000✓ – 218 500*✓✓) one part correct	261 500	✓

15

\* 230 000 X 95/100 = 218 500

TOTAL MARKS

60

**QUESTION 2****2.1 Retained Income Note on 30 June 2023**

Balance at the beginning	811 800 ✓	
Net profit after tax	980 000 ✓	
Buy- back of shares (30 000 X 1,90) Or [R9,80 – (6 320 000/800 000)]	(57 000) ✓✓	
Dividends <span style="background-color: yellow;">Operation</span>	(629 900) ✓	
(800 000 – 30 000)		
Paid (770 000 X 0,40)	308 000 ✓✓	
Final	321 900 ✓	
Balance at the end <span style="background-color: yellow;">Operation one part correct</span>	1 104 900 ✓	<div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">9</div>

**2.2.1 Dividends paid**

WORKINGS	ANSWER	
250 000 ✓ + 308 000 ✓ <span style="background-color: yellow;">See 2.1</span>	(558 000) ✓	
OR	<span style="background-color: yellow;">Operation</span>	
250 000 + 629 900 – 321 900	<span style="background-color: yellow;">One part correct</span>	<div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">3</div>

**2.2.2 Tax paid**

WORKINGS	ANSWER	
420 000 ✓ + 30 000 ✓ + 50 000 ✓ <span style="background-color: yellow;">One part correct</span>	(500 000) ✓	
(1 400 000 – 980 000) <span style="background-color: yellow;">One mark</span>	<span style="background-color: yellow;">Operation</span>	
	<span style="background-color: yellow;">One part correct</span>	<div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">4</div>

**2.3.1 Cash flow from Investing activities** Operation one part correct

Purchases of Fixed assets	1 356 000 ✓	
( 5 000 000 ✓ + 56 000 ✓ + 2 000 000 ✓ – 5 900 000 ✓) Or	(1 156 000) ✓	
5 900 000 – 5 000 000 – 56 000 – 2 000 000	<span style="background-color: yellow;">one part correct</span>	
Proceeds from sale of fixed assets	2 000 000 ✓	
Changes in financial assets (4 100 000 – 1 900 000)	(2 200 000) ✓	
		<div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">8</div>

**2.3.2 Cash Flow from financing activities** Operation one part correct

Proceeds from shares issued ( 100 000 x R13,12)	1 785 000 ✓	
Buy-back of shares (30 000 X R9,80)	1 312 000 ✓✓	
Changes in loan (2 549 950 – 1 782 950)	(294 000) ✓	
	767 000 ✓	<div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">5</div>

**2.4.1 % Operating expenses on sales**

WORKINGS	ANSWER
$\frac{1\,500\,000}{6\,000\,000} \times \frac{100}{1}$	25% one part correct x 100 is not considered as one part correct

3

**2.4.2 Current ratio**

WORKINGS	ANSWER
$\frac{(4\,500\,100 - 2\,549\,950)}{3\,900\,000} : \frac{1\,950\,050}{1\,950\,050}$	1,99 : 1 Accept 2:1 

4

**2.4.3 Calculate net asset value per share (NAV)**

WORKINGS	ANSWER
$\frac{8\,499\,900 - 870\,000}{(800\,000 - 30\,000 + 100\,000)} \times 100$	977 cents one part correct x 100 is not considered as one part correct

4

TOTAL MARKS
40



**QUESTION 3**

**3.1 Choose a term from the list below that answers the specific following questions. Write only the term next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.**

3.1.1	Solvency ✓
3.1.2	Liquidity ✓
3.1.3	Return on equity ✓

3

**3.2.1 Quote and explain TWO financial indicators to show that the company is managing its expenses more efficiently.**

Financial indicator ✓ ✓ figure and trends ✓ ✓

- Operating expenses on sales decreased (from 19.5%) to 13.8% / by 5.7
- % Operating profit on sales increased from 22.8% to 24.5% / by 1.7

Do not accept % net profit on sales since it decreased.

4

**3.2.2 The directors are satisfied with the liquidity of the company. Quote THREE financial indicators to support this statement.**

Financial indicator ✓ ✓ ✓ figure and trends ✓ ✓ ✓

- Current ratio increased (from 1.9 : 1) to 2.4 : 1 / by 0.5 / (26%)
- Acid test ratio increased (from 0.8 : 1) to 1 : 1 / by 0.2 / (25%)
- Stock turnover rate increased (from 3 times) to 6 times / by 3 times (100%)

6

**3.2.3 Comment on the dividend pay-out policy. Provide ONE point.**

- Dividend payout rate increased (from 69%) to 107% / by 38 / (55%) ✓

**Explanation:** ✓

- Directors used retained income funds for increased pay-outs to keep shareholders happy.

**A shareholder wants to sell her shares to invest in a 3-year fixed deposit account at her bank. Explain whether this is a wise decision.**

**Explanation** ✓ ✓ **Supporting indicator** ✓ ✓

- ROSHE increased (from 18%) to 18.9% / by 0.9%
- Can earn higher interest as % interest on alternative investments increased (from 7.9%) to 11% / by 3.1%.
- ROSHE of 18.9% is higher than interest on fixed deposit of 11% / by 7.9%.
- Shareholders will not receive a better return on alternative investment.

6

**A Financial indicator**

**Explanation**

September 2023 Preparatory Examination

**3.2.4 One of the directors believes that the company could increase loans in the new financial year. Quote TWO financial indicators (with figures) and explain each indicator to support her opinion.**

**Financial indicator** ✓ **figure and trends** ✓ **Explanation** ✓  
 Debt-equity ratio decreased (from 0.8 : 1) to 0.6 : 1 / by 0.2 (25%) this indicate a low risk  
 A Financial indicator **with a figure and a trend compared to interest on loan** ✓✓  
 Explanation  
 ROTCE increased (from 12.7%) to 17.2 % by 2.5%. ROTCE of 17.2% is above the interest on loan of 13% / by 4.2%. This indicate a positive gearing.  
 Max -1 for superfluous additional financial indicators mentioned.

6

**3.2.5 Calculate the minimum number of shares Stanley must buy in April 2023 to gain control of the company.**

WORKINGS	ANSWER
3 000 000 – 260 000 2 740 000 ✓ x 51/100 ✓ (1 790 000 x 46/100) 1 397 400 ✓ – 823 400 ✓ ✓ OR (2 740 000 X 50%) + 1 1 370 001 – 823 400 Three marks two marks	574 000 ✓ OR 546 601 one part correct

6

**Stanley wants to purchase the additional shares at R9,00 without advertising the shares to the public. Give TWO reasons why you would not support him.**

- Any TWO Reasons** ✓✓ ✓✓
- All shares must be advertised to the public as it is required by Companies Act (law) / must publish a prospectus before issuing new shares..
  - He is offering R9,00 (900 cents) while the market value is R15,90 (1 590 cents).
  - This is an example of insider trading and it is a criminal offence / Stanley will be taking advantage of his position to enrich himself.
  - The value of R9.00 (900 cents) is below the net asset value of R10,50 (1 050 cents).

4

**TOTAL MARKS**

**35**



**QUESTION 4**

- 4.1 Choose the correct word from COLUMN B to match the description in COLUMN A. Write only the letter (A – D) next to the question number (4.1.1 to 4.1.3) in the ANSWER BOOK.**

4.1.1	B✓
4.1.2	A✓
4.1.3	C✓

3

- 4.2.1 Explain the role/responsibility of this committee.**

**EXPLANATION:** ✓✓ part marks for incomplete, partial or unclear answer

- Review all salaries, bonuses and other earnings
- To prevent directors from paying themselves too much
- They must approve, and give advice on the proposals i.r.o fees, bonuses etc.

**Give ONE reason why this committee is necessary in a public company.**

**REASON:** ✓✓ part marks for incomplete, partial or unclear answer

- To ensure fairness/ transparency in the payment of fees/salaries
- To prevent fraud / corruption / wastage  
Detect mismanagement or fraudulent activities
- They can compare the remuneration / earnings against financial information of other companies in the industry / fairness to workers

4

- 4.2.2 Explain why it should be company policy that directors must declare all gifts, donations or favours received from suppliers. Provide TWO points.**

**Any TWO points** ✓✓ ✓✓ part marks for incomplete, partial or unclear answer

- Transparency in awarding contracts, tenders or appointing service providers.
- Could result in not appointing the best suited client for the job.
- Policy would prevent colluding with service providers.
- To protect the image of the business.
- Conflict of interest ( which could be corrupt , fraudulent, nepotism, bribery)

4

- 4.3 Explain TWO roles/responsibilities of internal auditors in companies.**

**Any Two roles/responsibilities** ✓✓ ✓✓ Part marks for incomplete, partial or unclear answer

- Attend meetings with an understanding to develop the business process.
- Travel to the different sites to get all information from various staff members.
- Provide ad hoc advice and guidance to managers and staff at all levels.
- Provide support and guidance to management on how to handle new opportunities.
- Assessing the management of risk/ Evaluating risks.
- Assisting management in the improvement of internal controls.
- Evaluating controls and advise all level managers.

4

**TOTAL MARKS**

15

**TOTAL MARKS: 150**