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MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

GRADE 12

ACCOUNTING

MARCH 2025

MEMO

MARKS: 100

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 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 is 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 memo 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, marker must inspect reasonableness of the answer.
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 memo.
11. In calculations, do not award marks for workings if numerator & 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 E.
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 6 pages.



QUESTION 1**1.1 Statement of Comprehensive Income for the year ended 28 February 2025**

Sales <small>7 649 440</small> [4 780 900 x 160/100] ✓ – 23 000 ✓		7 626 440 ✓ (Must subtract to earn m mark)
Cost of sales		4 780 900
Gross profit	Sales-CoS 4	2 845 540 ✓
Other income	operation 1	1 897 616 ✓
Service fee income		1 757 700
Profit on sale of asset		3 900
Rent income [11 772 x 2] 156 960 ✓ – 23 544 ✓✓ 4		133 416 ✓*
Trading stock surplus (654 500 – 657 100) 2		2 600 ✓✓*
Gross operating income	GP + OI 1	4 743 156 ✓
Operating expenses	operation 1	(3 402 230) ✓
Audit fees		79 000
Sundry operating expenses		119 900
Bad debts		24 780
Depreciation		309 160
Packing material (66 500 – 7 850) 2		58 700 ✓✓
Provision for bad debts adjustment # (592 200 x 5% = 29 610 – 29 520) 2		90 ✓✓
Insurance [94 080 x 2/14] OR [6 720 x 2] 94 080 ✓ – 13 440 ✓✓ OR 94 080 x 12/14 4		80 640 ✓*
Salaries and Wages 4 1 425 600 ✓ + 33 600 ✓ + 3 360 ✓ (GS x 10%)		1 462 560 ✓*
Directors fees (Before increase 1 062 400 – 78 400 increase) + 24 [41 000 per director x 5 months]] 1 062 400 ✓ + 205 000 ✓✓ 4		1 267 400 ✓*
Operating profit	GOI – OE 1	1 340 926 ✓
Interest income	balancing figure (check operation) 1	188 474 ✓
Profit before interest expense	NPBT + Int. expense 1	1 529 400 ✓
Interest expense		(149 400)
Net profit before tax	NPAT + IT 1	1 380 000 ✓
Income tax	ignore brackets 2	(414 000) ✓✓
Net profit after tax		966 000

-1 foreign items (max -2) i.e SFP items; -1 presentation (max -1). *one part correct

Prov. for bd adjust should be shown as an expense / \$ Trading stock surplus should be shown as an income /

When awarding method marks, refer to Principle 10; follow the candidate's operation.

Misplaced items marked wrong



2.1 STATEMENT OF FINANCIAL POSITION ON 31 MARCH 2024

ASSETS	
Non-current assets	11 458 500
Fixed assets at carrying value	11 458 500
Current assets	2 715 750 <input checked="" type="checkbox"/>
Inventories	1 303 850 <input checked="" type="checkbox"/>
Trade and other receivables (913 500✓ + 2 500✓ + 41 900✓)	957 900 <input checked="" type="checkbox"/> *
Cash and cash equivalents	454 000
TOTAL ASSETS	14 174 250 <input checked="" type="checkbox"/>
EQUITY AND LIABILITIES	
Ordinary shareholders' equity	9 090 450 <input checked="" type="checkbox"/>
Ordinary share capital	7 980 000 ✓
Retained Income	1 110 450 ✓
Non-current liabilities	2 382 000
Mortgage loan: UN Bank (2 508 000✓ + 258 000✓ – 384 000✓✓✓) (642 000 two marks – 258 000 one mark)	2 382 000 <input checked="" type="checkbox"/> *
Current liabilities	2 701 800 <input checked="" type="checkbox"/> *
Trade and other payables* (1 318 000✓ + 32 000✓)	1 415 000 <input checked="" type="checkbox"/> *
Shareholders for dividends	889 200 ✓
SARS: Income tax (985 600 – 972 000)	13 600 ✓✓
Current portion of loan	384 000 <input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES	14 174 250 <input checked="" type="checkbox"/>

* One part correct

25



QUESTION 3**ELIZABETH LTD****3.1 ORDINARY SHARE CAPITAL NOTE – 28 FEBRUARY 2025**

1 200 000	Share in issue at the beginning	8 160 000
400 000 ✓	Additional shares issued	4 000 000 ✓
(34 000) ✓	Repurchase of shares @ avg price R7,60✓	(258 400) ✓
1 566 000 ✓	Shares in issue at the end of year	11 901 600 ✓

7

3.2 RETAINED INCOME NOTE FOR THE YEAR ENDED 28 FEBRUARY 2025

Balance at the beginning of the year	573 720
Net profit after tax (1 540 000 – 462 000)	1 078 000 ✓
Repurchase of shares (34 000 x R1,90)	(64 600) ✓✓
Ordinary share dividends	(744 860)
Interim – paid (1 600 000 x 0,26)	416 000 ✓✓
Final – declared (744 860 – 416 000)	328 860 ✓
Balance at the end of the year	842 260 ✓

7

operation



3.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2025

* One part correct

CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	
# Taxation paid (-44 675 ✓ + 462 000 ✓ – 66 650 ✓) OR (44 675 – 462 000 + 66 650)	(350 675) ✓*
# Dividends paid (1 200 000 x 0,16) (see 3.1) 192 000 ✓ + 416 000 ✓	(608 000) ✓*
CASH FLOW FROM INVESTING ACTIVITIES	
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from shares issued	
Repurchase of shares (7,60 + 1,90 = 9,50 x 34 000) OR (34 000 x 7,60 258 400 ✓*) + (34 000 x 1,90 = 64 600 ✓*) refer refer 3	(323 000) ✓* (Both figures added)
Change in Loan	
NET CHANGE IN CASH AND CASH EQUIVALENTS	629 640
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(106 680) ✓ Must be in ()
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	522 960 ✓ operation

12

3.4 Calculate the following financial indicator for the year ended 28 February 2025:

NET ASSET VALUE

WORKINGS	ANSWER
See 3.1 & 3.2 $\frac{11\,901\,600 \checkmark + 842\,260 \checkmark}{1\,566\,000 \checkmark} \times 100$ $= \frac{12\,743\,860}{1\,566\,000} \times 100 = 822,03c$	813,78c ✓* OR R8,14 * One part correct

4

TOTAL MARKS

30



QUESTION 4**4.1 Explain the role of an internal auditor. Provide ONE point.**

- Internal auditors generally do not perform a single comprehensive annual audit, but rather conduct a number of smaller focused internal audits throughout the year.
 - Internal auditors generate reports for the use of management.
 - They are also responsible for the internal control procedures of an organization and prevention of fraud.
 - They assess a company's IT (Information Technology) and/or business processes.
 - Assess the company's risks and the efficiency of its risk management efforts.
 - Ensure that the organization is complying with relevant laws and policies.
 - Evaluate internal control processes and make recommendations on how to improve.
- Any ONE – 2 marks**

2

4.2 Choose the correct word from those in brackets. Write the answer and explain your choice.

Makiva Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.

AUDIT REPORT	EXPLANATION
Qualified ✓✓	Any suitable relevant response ✓✓ "Except" Problem with the stock losses "no reason was provided for the significant stock losses."

4

4.3 What kind of audit evidence does the independent external auditor examine to verify the correctness of the company financial records? Provide TWO points.

Any suitable relevant TWO responses ✓✓ ✓✓

Asset registers /Stock registers

Source documents – Invoices, Receipts, EFT's, etc.

Physical check

Monthly reports

4

TOTAL MARKS**10****TOTAL: 100**