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PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P1
JUNE 2025
MARKING GUIDELINES**

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. 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 for the working 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. This memorandum 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 reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, 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 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.

These marking guidelines consist of 10 pages.



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QUESTION 1

HE-LECTRIX LTD

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

Sales (15 900 000 – 420 000 + 7 500)	15 487 500 ✓☑*
$7\,500 \times \frac{100}{300}$	(5 302 500) ☑*
Cost of sales (5 300 000 + 2 500 ✓)	
Gross profit operation 5	10 185 000☑
Operating income	512 864
Fee income Balancing figure	369 800 ☑
Rent income (89 200 + 8 400 ✓✓)	97 600 ☑*
Discount received (45 500 – 800)	44 700 ✓
Provision for bad debts adjustment (23 500 – 22 736)	764 ✓✓
Operating gross profit (GP +OI) operation 8	10 697 864☑
Operating expenses operation	(8 687 674)☑
Insurance	62 400
Sundry expenses	3 392 585
Employers contributions	136 740
Salaries & wages	4 094 100
Discount allowed	23 850
Consumable stores (45 700 + 1 250✓ – 2 250✓ – 1 960✓)	42 740 ☑
Water Account (79 400 + 7 200)	86 600 ✓
Bank charges (4 290 + 390)	4 680 ✓
Advertising (516 000 + 32 000)	548 000 ✓
$9\,600 \times \frac{55}{100}$	50 480 ☑*
Bad debts (45 200 + 5 280 ✓)	
Donations $12\,400 \times \frac{100}{200}$ gross profit=200	6 200 ✓☑*
See donations see COS	14 300☑*
Trading stock deficit (695 000–6 200☑– 2 500 ☑– 672 000✓)	
Depreciation (1 160 000–935 000 – 1)	224 999 ✓✓☑*
Operating profit 19	
Interest income	
Operating profit before interest expense	
Interest expense	
Net profit before tax	
Income tax 3	
$5\,550\,000 \checkmark \times 26c \checkmark$	1 443 000☑
Net profit after tax (4 800 000+1 000 000–250 000)	

* 1 part correct and/or correct operation
 – 1 foreign items (max – 2); misplaced items (T/S deficit only), award marks for workings only
 Ignore brackets, check correct operation for balancing figures.

35



1.2 RETAINED INCOME

Balance at the beginning	16 420 000
Net profit after tax see 1.1	1 443 000 <input checked="" type="checkbox"/>
Buy back of shares (R9,95 – R8) (250 000 x 1,95 ✓✓) ignore brackets	(487 500) <input checked="" type="checkbox"/>
Ordinary share dividends operation, ignore brackets	(1 972 000) <input checked="" type="checkbox"/>
Interim dividends	928 000
(4 800 000 + 1 000 000) Final 5 800 000 ✓ x 18 cents	1 044 000 <input checked="" type="checkbox"/>
Inspect operation from top, must subtract SBB and OSD	15 403 500 <input checked="" type="checkbox"/>

8

1.3 EQUITY AND LIABILITIES

SHAREHOLDER EQUITY operation	59 803 500 <input checked="" type="checkbox"/>
Ordinary share capital	44 400 000
Retained Income see 1.2	15 403 500 <input checked="" type="checkbox"/>
2	
NON - CURRENT LIABILITIES 3	288 000
Loan 312 000 ✓ – 24 000 ✓	288 000 <input checked="" type="checkbox"/> *
CURRENT LIABILITIES operation	1 845 600 <input checked="" type="checkbox"/>
Trade & other Payables 714 000 ✓ +8 000 ✓ +32 000 ✓ -7 500 ✓ + 7200 ✓ 7 200 +800	753 700 <input checked="" type="checkbox"/> *
Deposit: Rent income	9 000 ✓
Current portion of loan	24 000 ✓
Shareholders for dividends see 1.2	1 044 000 <input checked="" type="checkbox"/>
SARS (Income tax)	14 900 ✓
TOTAL EQUITY AND LIABILITIES 12	61 937 100 <input checked="" type="checkbox"/> *

* 1 part correct and/or correct operation

17

TOTAL MARKS

60

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QUESTION 2**2.1 DISKOM LTD****2.1.1**

ORDINARY SHARE CAPITAL		
2 100 000 X 70% 1 470 000✓	Issued shares on 1 May 2024	4 704 000✓✓
300 000 ✓	Shares issued during the year	2 022 000✓ Balancing figure
(230 000)	Repurchase of shares. ASP: R3,80✓✓ (5 852 000 ÷ 1 540 000)	(874 000)✓ one part correct, ignore brackets
1 540 000✓ one part correct, SBB subtracted	Issued shares on 30 April 2025	5 852 000

9

2.1.2 Complete the following section of the Cash Flow Statement:

CASH EFFECTS FROM OPERATING ACTIVITIES	3 24 360 ✓
Cash generated by operations	1 317 100
Interest paid must be in brackets	(78 000)✓
Dividends paid 318 600 ✓ + 265 000✓ OR -318 600 – 265 000 Be alert to alternative methods of calculations	(583 600)✓ must be in brackets 2 marks without brackets
Taxation paid (637 630 x $\frac{30}{70}$)two marks 36 600✓ + 273 270 ✓✓ + 21 270 ✓ OR -36 600 – 273 270- 21 270 Be alert to alternative methods of calculations.	(331 140)✓ must be in brackets 4 marks without brackets

10

CASH EFFECTS FROM INVESTING ACTIVITIES	(487 900) ✓*
Purchase of fixed assets	(830 400)✓*
Proceeds from the sale of fixed assets 4 094 900✓ + 413 000 ✓ - 830 400✓ - 3 830 000 ✓ -4 094 900 – 413 000 + 830 400 + 3 830 000 Be alert to alternative methods of calculations e.g. Ledger format.	152 500 ✓ Do not accept brackets 4 marks with brackets
Change in financial assets	190 000

*must be in brackets

7



2.1.3 Calculate the following Financial Indicators on 30 April 2025:

Current ratio	
WORKINGS	ANSWER
<p>all 3 figures for 2 marks, 2 or nothing</p> <p>$[720\,800 + 240\,000 + 56\,600] \checkmark \checkmark : 360\,700 \checkmark$</p> <p>1 017 400 two marks</p>	<p>2,8 : 1 <input checked="" type="checkbox"/></p> <p>One part correct in the form of x:1</p>

4

% Return on average total capital employed (ROTCE)	
WORKINGS	ANSWER
<p> $\frac{637\,630 \times (100 \div 70) \text{ two marks}}{(910\,900 + 78\,000) \text{ three marks}}$ $\frac{988\,900 \checkmark \checkmark \checkmark}{\frac{1}{2}(7\,100\,000 \checkmark + 6\,000\,800 \checkmark) \times 100}$ $6\,550\,400 \text{ two marks}$ </p> <p>*100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	<p>15,1% <input checked="" type="checkbox"/></p> <p>One part correct & if $\frac{1}{2}$ is used % sign not necessary Accept 15%</p>

6

Interim dividends per share	
WORKINGS	ANSWER
<p> $\frac{318\,600 \checkmark}{(1\,470\,000 \checkmark \text{ see 2.1.1} + 300\,000 \checkmark) \times 100}$ </p> <p>1 770 000 two marks</p> <p>*100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	<p>18c <input checked="" type="checkbox"/></p> <p>one part correct; Accept R0,18 Must be expressed as R or c</p>

4

TOTAL MARKS

40



QUESTION 3: INTERPRETATION OF COMPANY INFORMATION

3.1

Match the concepts listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–G) next to each number (3.1.1–3.1.5) in the ANSWER BOOK.

3.1.1	D ✓
3.1.2	A ✓
3.1.3	G ✓
3.1.4	B ✓
3.1.5	C ✓

5

3.2.1

The CEO of Anna Ltd believes that the company has shown a positive improvement in their liquidity situation because the current ratio has increased significantly to 3,6 : 1. Explain whether he is correct or not by quoting ONE other financial indicator, with figures, to support your answer.

Financial indicator ✓ (with figures and trend) ✓ Comment ✓✓

The acid test ratio is consistent at 1,5 : 1.

Anna Ltd is not managing stock effectively. Whilst they would not experience cash flow problems, they are holding too much stock which may contribute to low profitability.

4

3.2.2

Calculate and compare the dividend pay-out policy of each company.

ELSA LTD	Dividend pay-out rate is 52% (45/86) in 2025, compared to 81% (65/80) in 2024 ✓✓
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ANNA LTD	Dividend pay-out rate is 86% (60/70) in 2025 and 86% (62/72) in 2024. Anna Ltd has maintained the dividend pay-out rate at 86% ✓✓
-----------------	---

4

Give a possible reason why one company opted to adjust their policy.

Any ONE reason ✓✓ **part marks for incomplete / partial answers**

Elsa Ltd is retaining earnings to concentrate on growth.

Elsa Ltd wants to ease cash-flow problems and continue managing expenses to improve profitability.

Elsa Ltd wants to sustain the trend of increasing profitability and return on equity so shareholders can see the long-term prospects of the company.

2

3.2.3 Elsa Ltd decided to increase their loans during the current financial year, whilst Anna Ltd chose to maintain their existing loans. Quote ONE financial indicator and comment on the degree of gearing of each company.

ELSA LTD

ROTCE ✓
with figures & trend ✓

Comment:
Interest rate &
Positively geared ✓
Interpretation ✓

ROTCE increased from 12% to 15% (do not accept debt:equity ratio)

The loan is being effectively used to improve profitability. The interest rate on loans is 13%. Business is positively geared so the decision was appropriate.

ANNA LTD

ROTCE ✓
with figures & trend ✓

Comment:
Interest rate &
Negatively geared ✓
Interpretation ✓

ROTCE decreased from 13% to 11,7% (do not accept debt:equity ratio)

The loan is not being effectively used as the business is negatively geared with the interest on loans at 13%. It would be wise to start paying back the loan or improve strategies to improve profitability.

8

3.2.4 A shareholder of Anna Ltd is worried because the value of the company's shares has gone down. Describe the reason for his concern. Quote and explain TWO financial indicators to support your answer.

Comparing market price and NAV of Anna Ltd ✓ ✓

The market price of 582 cents is lower than the net asset value (NAV) of 610 cents/ the market price is 28 cents lower than the net asset value (NAV)/ NAV is 28 cents higher than the market price.

Comment ✓✓ part marks for incomplete / partial answers

This reflects that public demand for shares is low/ public confidence in the company has decreased.

4

3.2.5 Clarify why Olaf's decision was a mistake. Discuss his % shareholding and provide TWO additional reasons, supported by figures or calculations, to support your explanation.

%SHAREHOLDING:

His %shareholding dropped from 48% ✓✓ (528 000/ 1 100 000) to 44% ✓✓ (528 000/1 200 000).

TWO POINTS:

point ✓ ✓ figure/calculation ✓ ✓

- The additional shares would have made him the majority shareholder with 612 000 shares = 51% (612 000/1 200 000) of the total shares issued.
- His net worth/potential profit/ investment would have increased because the shares offered at 410 cents are 172 cents below the market price of 582 cents, and he would gain $84\,000 \times R1,72 = R144\,480$.
- He had enough money to buy the 84 000 new shares $\times R4,10 = R344\,400$.

8

TOTAL MARKS
35



QUESTION 4: GAAP, AUDIT REPORT AND CORPORATE GOVERNANCE**4.1 GAAP PRINCIPLES**

Match the GAAP principles listed in COLUMN A with an explanation provided in COLUMN B. Write only the letter (A–E) next to each number (4.1.1–4.1.4) in the ANSWER BOOK.

4.1.1	D ✓
4.1.2	E ✓
4.1.3	B ✓
4.1.4	A ✓

4

4.2 AUDIT REPORT AND CORPORATE GOVERNANCE**4.2.1 Explain the role of the independent auditor.**

Valid explanation ✓✓

He/she is expected to express an unbiased opinion on the reliability of the financial statements of a company after conducting an audit.

2

4.2.2 Did Barbi Ltd receive a qualified, unqualified, or a disclaimer audit report? Explain your choice.

Qualified Report ✓

Explanation ✓

An exception to fair presentation was noted in the form of the marketing expenses/ Not everything in the report was 100% correct/ the financial statements were fairly represented except for the marketing expenses.

Any valid explanation for qualified.

2

4.2.3 To whom is the audit report addressed?

The shareholders✓

Do not accept directors

1

4.2.4

The marketing expense on the Statement of Comprehensive Income relates to a spa and beauty treatment day arranged by the CEO and her friends. The CEO recommended to the external auditor that this transaction be excluded.

- The external auditor was not willing to do this. Briefly explain why he feels this way.

Valid explanation ✓✓

Professional integrity / reputation of the auditing firm / agreeing to corruption/ he does not want to be unethical/ this is against the law.

2

- Provide TWO consequences for the auditor if he agrees to the recommendation of the CEO.

Any two valid consequences ✓✓ ✓✓
check for repetition of the same type of consequence, i.e. hearing vs. suspension

- May face disciplinary action (hearing/ suspension/ dismissal/ fine).
- Bad reputation/ image.
- May be struck off the roll and will not be able to practice in the future.
- Legal action can be taken against the auditor.

4

TOTAL MARKS

15

TOTAL: 150

