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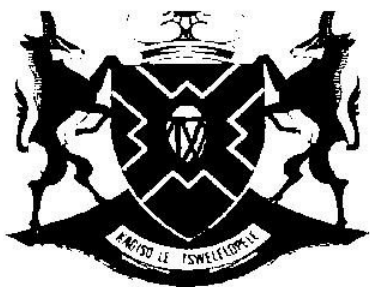
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REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P1

JUNE 2025

MARKING GUIDELINES

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:* figures are stipulated in marking guideline components of workings, these do not carry the method mark for parts thereof.
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. These marking guidelines 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, markers 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 guidelines. *Note* that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.



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This marking guideline consists of 11 papers.

QUESTION 1: CONCEPTS, INCOME STATEMENT AND BALANCE SHEET

| | | |
|-----|-------|-----|
| 1.1 | 1.1.1 | D ✓ |
| | 1.1.2 | A ✓ |
| | 1.1.3 | E ✓ |
| | 1.1.4 | C ✓ |
| | 1.1.5 | B ✓ |

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1.2 WANKARABA LIMITED**1.2.1 Statement of Comprehensive Income for the year ended 30 April 2025**

| | |
|---|---------------|
| Sales (7 523 000✓ – 40 600✓) | 7 482 400✓ |
| Cost of sales (7 482 400✓ - 260 000 + (260 000 x 100/80) 325 000✓✓ x 100/160✓) * | (4 717 125) ✓ |
| Gross profit Operation 9 | 2 765 275 ✓ |
| Other Operating Income Operation | 103 856 ✓ |
| Rental income (119 808 – 20 352✓✓) * | 99 456 ✓ |
| Provision for bad debts adjustment (50 000✓ – 45 600 (912 000 x 5%)✓✓) * | 4 400 ✓ |
| Gross Operating Income Operation 9 | 2 869 131 ✓ |
| Operating expenses Operation | (1 216 106) ✓ |
| Wages and Salaries | 457 745✓ |
| Insurance (42 000 – 4 500✓) Operation | 37 500✓ |
| Directors' fees (687 500 – 27 500✓) | 660 000✓ |
| Trade inventory deficit (843 136 + 25 375 - 835 000) | 33 511✓✓ |
| Depreciation (25 200✓ + 2 150✓) * | 27 350 ✓ |
| Operating profit | 1 653 025 |
| Interest income | 565 000 |
| Profit before interest expense Operation | 2 218 025 ✓ |
| Interest expense | (480 000) ✓ |
| Net profit before tax | 1 738 025✓ |
| Income tax 4 | (486 647)✓ |
| Net profit after tax | 1 251 378 |

33

*One part correct



1.2.2 Statement of financial position as at 30 April 2025

| | |
|--|-------------------|
| EQUITY AND LIABILITIES | |
| ORDINARY SHAREHOLDER EQUITY (900 000 x 6,28) | ✓✓ 5 652 000 |
| Ordinary share capital | 3 500 000 |
| Retained income | ✓ 2 152 000 |
| 3 | |
| NON-CURRENT LIABILITIES | 4 185 000 |
| Loan: Mahikeng Bank (5 100 000✓+ 480 000✓) x 75%✓ | ✓ 4 185 000 |
| 4 | |
| CURRENT LIABILITIES | 2 524 189✓ |
| Trade and other payables (967 350✓+ 20 352✓) | ✓ 987 702 |
| Short-term loan (5 580 000 x 25%) | ✓ 1 395 000 |
| Shareholders for dividends (900 000 x 13c) | 117 000✓✓ |
| SARS (Income Tax) (462 160✓ - 486 647✓) | ✓ 24 487 |
| 10 | |
| TOTAL EQUITY AND LIABILITIES | 12 361 189 |

17

*One part correct
*Operation

QUESTION 1

55



**QUESTION 2: ORDINARY SHARE CAPITAL AND RETAINED INCOME
NOTES, CASH FLOW STATEMENT AND FINANCIAL
INDICATORS**

| | | |
|-----|-------|------------------------|
| 2.1 | 2.1.1 | current asset✓ |
| | 2.1.2 | limited✓ |
| | 2.1.3 | net asset value✓ |
| | 2.1.4 | materiality principle✓ |
| | 2.1.5 | liquidity✓ |

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2.2 2.2.1 ORDINARY SHARE CAPITAL

AUTHORIZED

| | |
|-----------|-----------------|
| 3 680 000 | Ordinary shares |
|-----------|-----------------|

ISSUED:

| | | |
|----------------|---|------------------|
| 920 000✓✓ | Ordinary shares in issue at the beginning of the year | 1 012 000☑ |
| 320 000 | Ordinary shares issued on 1 March 2024 | 761 200✓ |
| (20 000)✓ | Shares bought back on 28 February 2025 @ R1,43✓ | (28 600) ☑* |
| 1 220 000☑ | Ordinary shares in issue at the end of the year | 1 744 600 |

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2.2.2 RETAINED INCOME

| | |
|---|-------------------|
| Retained income at the beginning of the year | 2 474 800 |
| Net income after tax | 1 195 200 ✓✓ |
| Buyback of 20 000 shares @ R0,50✓ | (10 000) ✓ |
| Ordinary share dividends | (458 800) ☑ |
| Paid (1 240 000✓x 0,15✓) | 186 000☑ |
| Declared | 272 800✓ |
| Retained income at the end of the year | 3 201 200☑ |

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2.3 Calculate the amount that will appear in the Cash Flow Statement for:**2.3.1 Taxation**

Accept alternative calculations, reversed signs or ledger account

$$23\,800\checkmark + 464\,800\checkmark + 16\,400\checkmark = 505\,000\checkmark$$

4

2.3.2 Dividends paid

Accept alternative calculations, reversed signs or ledger account

$$154\,000\checkmark + 186\,000\checkmark = 340\,000\checkmark$$

~~Check 2.22~~

3

2.3.3 Shares bought back

$$28\,600 + 10\,000 = 38\,600$$

Or

$$20\,000\checkmark \times 1,93\checkmark = 38\,600\checkmark$$

3

2.4 Prepare the following sections of the cash flow statement:**2.4.1 Change in working capital**

222 000✓

Decrease✓in stock
328 000 – 224 000

104 000✓✓

Decrease✓in debtors
239 600 – 316 000✓

Operation 76 400✓

Increase✓in creditors
129 600✓ – 88 000

Operation 41 600✓

10

2.4.2 Cash flow from financing activities

562 600✓

Return on shares issued

761 200✓

Buyback of shares
28 600 + 10 000

See 2.3.3 (38 600) ✓

Repayment of loan
960 000 – 800 000

(160 000) ✓

4

| | | | |
|--------------|---|-------------|----------|
| 2.4.3 | Net change in cash equivalents | 321 400✓ | |
| | Cash and cash equivalents – beginning (15 000 – 126 000) | (111 000)✓✓ | |
| | Cash and cash equivalents - end | 210 400✓ | |
| | | | 4 |

QUESTION 2**51****QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS****3.1 Calculate the following financial indicators:****Net asset value of Limpopo Ltd**

$$\frac{4\,233\,600✓}{378\,000✓} = 1\,120 \text{ cents}✓$$

Debt-Equity Ratio of Boland Ltd

$$\frac{606\,690✓}{3\,033\,450✓} = 0.2 : 1✓$$

6**3.2 Your colleague is of the opinion that the liquidity situation of Limpopo Ltd is better than that of Boland Ltd. Quote TWO financial indicators with appropriate figures to support his opinion.****Quote two financial figures.****Two indicators✓✓ and figures✓✓**

- The acid test of Boland Ltd is 3.31 : 1 and Limpopo Ltd is 1.3 : 1
- The inventory turnover rate of Boland Ltd is 5 times and Limpopo Ltd is 9 times.

Explain✓✓

- Limpopo Ltd has a better acid test than Boland Ltd. Boland Ltd has too much inventory on hand.
- Limpopo Ltd sells inventory faster, 9 times, during the year compared to Boland Ltd's 5 times.

6

3.3 Boland Ltd decided to pay off a large amount on the loan during the financial year. Quote TWO financial indicators with appropriate figures to show why this was not a good decision by the directors. (Leverage effect)

Financial indicator and figures ✓✓ ✓✓ Valid comment ✓✓

Relevant figures:

Debt : Equity is 0.2 : 1 (Check 3.1)

ROCE is 18,9%

Commentary: Any two reasons

- The company is low-risk and therefore there is no need to repay the loan quickly.
- The company is positively geared. The ROCE of 18,8% is higher than the interest rate of 11% on loans.

6

3.4 Comment on the value of the two companies' shares on the JSE. Explain how these figures will influence your choice of the companies.

| | Financial indicator and its explanation with figures | Choice of Company |
|-------------|--|--|
| Boland Ltd | Market price is 715 cents which is more than the NAV of 540 cents. | I will invest in Boland Ltd because the demand for their shares is good. OR I will not invest in Boland Ltd because the shares are overpriced. |
| Limpopo Ltd | JSE price is 910 cents which is lower than the NAV of 1 120 cents. | I will invest in Limpopo Ltd because the shares are undervalued. OR I will not invest in Limpopo Ltd because the shares are not in demand. |

6

QUESTION 3

24

QUESTION 4: CORPORATE GOVERNANCE AND AUDIT REPORT**4.1 CORPORATE GOVERNANCE**

4.1.1 Winston can be described as a (whistle-blower/employee) in this situation.

Whistle-blower✓

1

4.1.2 It is absolutely essential that the identities of those who report misconduct are protected. No ONE that can be used to convince the directors that they cannot openly thank Winston.

- The identity of whistle-blowers must be protected so that they are not targeted.
- Employees may be afraid to report violations and prefer to remain silent if they are not sure that their identity will be protected.
- Workers can be encouraged to report incidents anonymously as this can increase reporting.

2

4.1.3 Provide ONE term to describe the “gift” that the Purchasing Manager received.

Bribe/Kick-back✓

1

4.1.4 Indicate ONE internal measure that the company can implement to prevent a recurrence of such an incident in the future.

Any ONE valid point✓✓ Partial marks for incomplete/unclear answers.

- The business must have a policy for receiving gifts/awarding tenders.
- Employees must be transparent in their negotiations and all “gifts” they receive from clients/suppliers must be declared.
- Separation of duties: The Purchasing Manager should not be the person who awards tenders and receives goods.

2

4.1.5 A concerned shareholder has heard about the incident. Provide two possible questions that he could ask at the next AGM regarding the company's tender policy.

- Does the company have a tender policy?
- Was the correct procedure followed in awarding the tender?
- Why was Winston's supervisor reluctant to investigate the incident?
- Is Winston's supervisor perhaps in cahoots with the Purchasing Manager?
- What consequences does the Purchasing Manager face?
- Will the company allow the Purchasing Manager to keep the laptop?
- Will the company take action against the Purchasing Manager?

4

4.2 AUDIT REPORTS

4.2.1 Indicate which type of audit report Pilanesberg Limited received. Provide one reason for your choice.

Report type: Unqualified✓✓

Any 1 reason✓✓

This is a good report.

The words: 'reasonable account' indicate that the auditors did not encounter any problems.

4

4.2.2 Give ONE reason why the Companies Act requires public companies to be audited by an independent auditor.

Any ONE valid reason ✓✓

- Independent opinion will be presented.
- Separation between management and ownership.
- Shareholders' interests are protected
- Business operates with shareholders' money
- To detect/reduce the possibility of fraud.

2

4.2.3 Newspaper reports have indicated that Motepo Partners has been found guilty of maladministration in relation to audit work carried out at several large firms. Explain how this could affect shareholders of Pilanesberg Ltd. State TWO points.

Any TWO relevant marks ✓✓✓✓ Future shareholders not relevant to this answer The question asks about the impact on shareholders and not the consequences on share prices etc.

- The shareholders will not be able to rely on the audit report.
- The shareholders will not re-elect auditors at the next AGM. (will be dismissed).
- The shareholders may insist on a re-audit by another reputable audit firm.
- The shareholders may insist on legal action if the audit was done fraudulently.
- Existing shareholders may dispose of/sell their shares.

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| QUESTION 4 |
| |
| 20 |

TOTAL: 150

