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PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL SENIOR CERTIFICATE

GRADE 12

**ACCOUNTING PAPER 1
SEPTEMBER 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 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 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. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
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 and at least one part must be correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 13 pages.



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QUESTION 1**CONCEPTS**

1.1

1.1.1	B ✓
1.1.2	D ✓
1.1.3	A ✓
1.1.4	C ✓

4

SPARTAN LTD

1.2 Calculate and complete the following for the financial year ended 28 February 2025:

1.2.1

Calculate the correct net profit after tax for the year ended 28 February 2025:	
Incorrect net profit before tax	R1 948 432
Interest on loan	(216 000) ✓ must be in brackets
Rent income $\frac{896}{1\,496} \times 374\,000 = \frac{224\,000}{8}$ 28 000 ✓ ✓ x 2	(56 000) ✓* must be in brackets
Director's fee (11x2=22+8=30 months) $\frac{1\,026\,000}{30}$ 34 200 ✓ ✓ x 2	(68 400) ✓* must be in brackets
Bad debts recovered	8 050 ✓ must be positive
Provision for bad debts adjustment (412 600 + 8 050 = 420 650 x 4%) 16 826 ✓ - 12 100 ✓	(4 726) ✓* must be in brackets
Net profit before tax operation only; given R1 948 432 must be included	1 611 356 ✓
Income tax balancing figure: must be in brackets	(482 956) ✓
Net profit after tax [(1 200 000 x 70%) + (160 000 - 90 000)] 910 000 shares ✓ x 1,24 cents ✓	1 128 400 ✓*

*one part correct and operation

16





1.2.2

Retained income note on 28 February 2025	
Balance at the beginning of the year	3 92 900✓
Net profit after tax see 1.2.1	1 128 400☑
Repurchase of shares (90 000 x R0,70) ignore brackets	(63 000)✓☑*
Ordinary share dividends operation, ignore brackets	(821 300)☑
Interim paid (1 000 000 x R0,43)	430 000 ✓☑*
Final dividends declared	391 300✓
Balance at the end of the year	637 000 ☑#

9

*one part correct and operation

Repurchase and -1 P (if NO details)
OSD must be subtracted

1.2.3

Trade and other receivables note on 28 February 2025	
Trade Debtors 412 600 ✓ + 8 050 ✓	420 650 or two marks for final correct answer
Provision for bad debts	(16 826)✓
Net trade debtors operation	403 824☑
SARS (Income tax)	197 044☑*
358 700 ✓ + 340 000 ✓ – 18 700 ✓ – 482 956 ☑ see 1.2.1	Must be positive
	600 868☑*

10

-1 P (if NO details)

*one part correct and operation



1.2.4 SPARTAN LTD**STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025**

EQUITY AND LIABILITIES SECTION	
SHAREHOLDERS' EQUITY (NAV: 910 000 x 900 cents)	8 190 000 ✓✓
Ordinary Share Capital balancing figure	7 553 000 ✓
Retained Income see 1.2.2	637 000 ✓
NON-CURRENT LIABILITIES	1 614 500 no mark
Loan: Volk Bank (300 000 – 216 000) (300 000 – 162 000) 1 836 500 ✓ – 84 000 ✓ – 138 000 ✓ current portion	1 614 500 ✓*
CURRENT LIABILITIES	942 900 ✓*
Trade and other payables rent directors fees 289 200 ✓ + 56 000 ✓ see 1.2.1 + 68 400 ✓ see 1.2.1	413 600 ✓*
Shareholders for dividends see 1.2.2	391 300 ✓
Short-term loan/ current portion see subtracted from loan: current portion	138 000 ✓
TOTAL EQUITY AND LIABILITIES	10 747 400 ✓*

16

-1 P (if NO details); -1F (max -2)
*one part correct and operation

TOTAL MARKS

55



QUESTION 2**2.1 CONCEPTS**

2.1.1	Current Assets ✓
2.1.2	Non-Current Assets ✓
2.1.3	Net Working Capital ✓
2.1.4	Statement of Comprehensive Income ✓

accept reasonable abbreviations

4

2.2 TAKE ALL LTD

Calculate the following for the year ended 28 February 2025:

2.2.1	Net profit before tax	
	WORKINGS	ANSWER
	$32\,200\,000 \times \frac{100}{70}$	46 000 000 ✓✓ one part correct; operation

2

2.2.2 Inventory

Inventory	
WORKINGS	ANSWER
Current ratio – Acid test ratio x Current liabilities $1.15 - 0.75 = 0.4$ ✓✓ $0.4 \times R964\,000$ ✓ = OR $964\,000$ one mark $\times 1.15 = 1\,108\,600$ one mark $964\,000 \times 0.75 = 723\,000$ one mark $1\,108\,600 - 723\,000 = 385\,600$ one method mark	R385 600 ✓ one part correct and must be x R964 000 in workings

4





2.3 Complete the following note for the year ended 28 February 2025:

2.3.1

Note 1: Reconciliation between profit before taxation and cash generated from operations		
Net profit before tax	see 2.2.1	46 000 000 ☒
Adjustments for:		
Depreciation		345 000
Interest Expense		63 400
Operating profit before changes in working capital		46 408 400 ☒ #
Changes in working capital		(54 300)
Increase / Decrease in inventory (679 000 – 385 600)	see 2.2.2	293 400 ☒ * In/outflow per learner calc
Increase in receivables		(21 200)
Decrease in payables		(326 500)
Cash generated from operations		46 354 100

*one part correct; # operation only

4

2.3.2

Cash flows from operating activities	
Cash generated from operations	46 354 100
Interest paid (9 300 ✓ + 63 400 ✓ - 14 100 ✓)	(58 600) ☒ *
Dividends paid 805 000 two marks [420 000 ✓ + (4 600 000 × 0,08 + 437 000) ✓ ✓ - 437 000 ✓] OR -420 000 - 805 000 + 437 000 OR 420 000 one mark + 368 000 three marks	(788 000) ☒ *
Taxation paid (15 900 ✓ - 13 800 000 ✓ ✓ + 21 400 ✓) OR -15 900 + 13 800 000 - 21 400	(13 762 700) ☒ *

For the use of reversed signs, ensure that only one option is consistently used
 *one part correct and must indicate correct operation & correct use of brackets; accept T-accounts for operations
 If no brackets, assume answer is an inflow of cash – award marks for workings only

14





2.3.3

Cash flow from investing activities operation; must include 373 000, in/outflow according to learner calculations	(400 000)☑												
Proceeds from the sale of fixed assets	373 000												
Purchase of fixed assets 2 652 000✓-373 000✓-345 000✓- 2 937 000✓ OR -2 652 000 +373 000 +345 000 + 2 937 000	(1 003 000)☑*												
<table><tr><td>Balance b/d</td><td>2 652 000</td><td>Disposal</td><td>373 000</td></tr><tr><td>Additions</td><td>=</td><td>Depreciation</td><td>345 000</td></tr><tr><td></td><td></td><td>Balance c/d</td><td>2 937 000</td></tr></table>	Balance b/d	2 652 000	Disposal	373 000	Additions	=	Depreciation	345 000			Balance c/d	2 937 000	
Balance b/d	2 652 000	Disposal	373 000										
Additions	=	Depreciation	345 000										
		Balance c/d	2 937 000										
Change in financial assets/ fixed deposit (480 000 -250 000)	230 000✓*												

7

For the use of reversed signs, ensure that only one option is consistently used
 *one part correct and must indicate correct operation & correct use of brackets; accept T-accounts for operations
 If no brackets, assume answer is an inflow of cash – award marks for workings only;

2.4 Calculate the following financial indicators for the year ended 28 February 2025:

2.4.1

Debt: Equity ratio	
WORKINGS	ANSWER
$1\,880\,000 : (4\,280\,000 + 320\,000)$	$0,4 : 1 \checkmark \checkmark$ must be x:1 to earn full marks; accept 0,41 : 1

2

2.4.2

Net Asset Value per share (NAV)	
WORKINGS	ANSWER
$\frac{4\,600\,000 \checkmark}{4\,600\,000 \checkmark} \times 100/1$	$100 \text{ cents } \checkmark$ DO NOT accept R1 or 1 for final answer, only award two marks. assume cents if not specified % = two marks

3

TOTAL MARKS

40



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QUESTION 3**3.1 Liquidity:**

Give your opinion on Vuka Limited's liquidity position. Quote THREE financial indicators with figures. Provide a comment to explain EACH indicator's effect on the liquidity of Vuka Limited.

Financial indicator with figures and trend ✓ ✓ ✓ Comment per indicator ✓ ✓ ✓

- Current ratio decreased from 2,3 : 1 to 1,6 : 1 /by 0,7: 1
- Acid test ratio decreased from 2,1 : 1 to 0,9 : 1 /by 1,2 : 1
- Stock turnover rate decreased from 6,8 times to 3 times
- Debtors' collection period increased from 35 days to 45 days/ by 10 days

Comment:

- Current ratio has **decreased**; the company will struggle to pay current liabilities (short-term debts).
- The Acid test ratio is **too low**; the business will have to sell inventory to pay its short-term debt.
- Stock turnover rate **has weakened**; the company will struggle to pay current liabilities.
- Debtors' collection has **weakened**; the company will not be able to collect cash on time to pay current liabilities.

6

3.2 Risk and Gearing:

During the current financial year, the directors decided to raise the loan. Quote TWO financial indicators to explain whether this was a good decision or not.

Financial indicators ✓ ✓ figures and trend per indicator ✓ ✓ comment per indicator ✓ ✓

Debt/Equity ratio has increased from 0,3 : 1 to 0,6 : 1/ by 0,3: 1

% Return on total capital employed (ROTCE) decreased from 15,4% to 11,9% /by 3,5% points.

Comment:

- It was a **bad decision**; the Debt: Equity ratio indicates a high financial risk, and the company will not be able to take further loans.
- ROTCE is at 11,9%, which means the company is negatively geared in relation to the interest rate of 12,5% on the loan.

***Do not accept gearing with Debt: Equity, OR risk with ROTCE**

6

3.3 Dividends and Returns:

The dividend distribution from 2024 to 2025 was the subject of some thoughtful considerations by the directors. Share your thoughts on these changes. Show calculations to support your response.

Dividend pay-out rate ✓ Calculations: 2024=✓ 2025= ✓ Comment ✓✓

- Dividend payout rate increased from 58,8% (100/170) in 2024 to 100% (82/82) in 2025 to (by 41,2% points). *Accept 59%*

Comment:

- The company will not be sustainable as retained income is needed for future expansion/growth.
- The company is trying to keep shareholders happy with the increase in dividend payout, possibly because the EPS decreased and company did not perform well.
- The company is trying to attract potential shareholders with a high dividend payout rate.

5

Should the percentage return satisfy shareholders?

To support your response, quote a financial indicator with figures and comment.

ROSHE ✓ figures and trend ✓ Comment, must compare to interest on fixed dep ✓✓

- ROSHE decreased from 18,3% to 12%, or by 6,3% points.

Comment:

- Although ROSHE decreased significantly, it still exceeds the interest rate on alternative investments of 9% offered by banks, and shareholders should still be satisfied.

OR

- Shareholders will not be satisfied with the decrease in ROSHE, although their return of 12% is still more than the interest rate on alternative investments (9%) their returns are getting too low/ the company is not a good investment anymore.

4

3.4 Directors' decisions:

During the Annual General Meeting (AGM), one of the shareholders said that the Cash Flow Statement revealed some bad decisions made by the directors.

Provide TWO points with relevant figures to support this opinion.

Point ✓✓ ✓✓ Figure per point ✓ ✓	
POINT 1	The high amount of Dividends paid of R1 230 000 caused a negative figure for cash retained from operating activities/ had a negative effect on the Cash Flow of the company.
POINT 2	The repurchase price of shares (per share), R13,50, is higher than the NAV per share (R12,20) and also exceeds the issue price of R8,00 per share. Thus, the company paid too much per share for the repurchase of shares.

6

3.5 % Shareholding:

Glen Tau owns 740 000 shares in the company. Describe how her %shareholding in the company was affected by the December 2024 share repurchase. Provide calculations to back up your response.

Before the repurchase of shares, she had 49,3% shareholding in the company:

$$\left(\frac{740\,000}{1\,500\,000} \times \frac{100}{1} = 49,3\% \checkmark\checkmark \right)$$

After the repurchase of shares,

$$\left(\frac{740\,000}{1\,450\,000} \times \frac{100}{1} = 51\% \checkmark\checkmark \right)$$

She is now the majority shareholder ✓. The repurchase has affected her positively as she moved from 49,3% to 51%.

5

3.6 Share price:

Review the performance of the share price on the stock exchange (JSE). Provide TWO financial indicators, with figures for each year.	
2024	Comparison of MP to NAV with figure/s ✓ Comment ✓ The Market price of 1 280 cents is higher than the NAV of 1 175 cents (by 105c). OR NAV (1 175c) is lower than Market price (1 280c) by 105c. This indicates that there is a <u>high demand</u> for the shares.
2025	Comparison of MP to NAV with figure/s ✓ Comment ✓ The Market price of 1 150 cents is lower than the NAV of 1 220 cents (by 70c). OR NAV (1 220c) is lower than Market price (1 150c) by 70c. This indicates <u>low demand</u> for shares.

4

The share price on the JSE has fallen over the past two years, which has upset many shareholders. What might be a reason for this decline, and what solution can the directors implement to improve the situation?	
Reason ✓✓	Solution ✓✓
• They might have received a qualified or disclaimer report. • A lack of trust in the directors of the company due to poor financial performance. • A lack of participation in corporate investing and community projects. • Poor image of the company in the news/ bad publicity. <i>Any relevant reason.</i>	• Directors must ensure that the finances of the company are well managed by the internal auditor. • Improve the image of the company through positive publicity. • Take part in community projects and show more support for the community. <i>Any relevant solution.</i>

4

TOTAL MARKS
40



QUESTION 4**4.1 What kind of audit report was obtained by Fresh Ltd AND by Night Owl Ltd?**

FRESH LTD	Disclaimer ✓
NIGHT OWL LTD	Unqualified ✓

2

4.2 Quote a statement from the given extract to support your choice provided in question 4.1 above.

FRESH LTD	We do not, therefore, express an opinion regarding the financial statements. ✓
NIGHT OWL LTD	In our opinion, the financial statements fairly present, in all material respects. ✓

2

4.3 State any THREE impacts that the audit report Fresh Ltd received will have on the company.

Three points ✓ ✓ ✓

Be aware of alternative valid responses. Any THREE

- This indicates that there is something seriously wrong with the financial statements.
- The company and its results cannot be trusted / creates a bad impression or bad publicity.
- This can negatively affect the share price on the JSE.
- Decreased demand for shares / losing potential investors / existing shareholders would want to sell their shares.
- Poor management and control of internal processes / incompetent management / question the integrity of directors.
- Suppliers and customers will look elsewhere / creditors might not give credit/ Banks / financial institutions might not approve loans.

3

4.4

A recent news report alleged that Fresh Ltd landed an R18 million deal to supply organic vegetables to the supermarket chain, Cooleworths. Allegedly the CFO of Fresh Ltd paid R2.5 million to the Cooleworths CEO to secure the deal. As a shareholder, explain what you would say at the AGM. Provide TWO points.

TWO valid and different points ✓✓ ✓✓ part marks for incomplete / partial answers

Be aware of alternative valid responses

- This appears to be a clear case of corruption / under-handed agreement that did not follow the normal tender processes / kick-backs or bribes involved / unethical & illegal.
- The CFO's actions must be investigated and appropriate disciplinary measures should follow (abusing his influence / authority) / institute criminal proceedings / legal process / sued / dismissed / fired.
- Investigate further to ensure that criminal activity has not filtered through to other parts of the company.
- If the directors' integrity is compromised, this will affect the reaction of the public and the customers.
- This would affect the share price and the profits (image of the business).
- Concern over access to large cash amount / lack of internal controls.

4

4.5

After the news report, Fresh Ltd has set up a confidential tip-off phone line, managed by an independent company, to report unethical behaviour. Whistleblowers who provide information will be protected and remain anonymous. In your opinion, explain why Fresh Ltd found it necessary to implement the above. Provide TWO points.

TWO valid and different points ✓✓ ✓✓ part marks for incomplete / partial answers

Be aware of alternative valid responses

- Crime is a major problem, and people are scared to come forward to report crimes as they fear that their lives might be at risk; a protection policy may encourage them to report cases.
- The company would want to find out about wrong-doing before it is exposed in the press / impacts negatively on the business.
- This could also prevent or minimise wrong doing as people are aware of this policy / being watched / reported / culprits must be reported.
- This is part of good governance, or according to King Code / improve the reputation of company / compliance with policies / total quality management.

4

TOTAL MARKS

15

TOTAL MARKS: 150

