KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

MARKING GUIDELINES

COMMON ASSESSMENT TASK

MARCH 2025 TEST

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 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 7 pages.

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QUESTION 1

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

	Sales (3 440 000 ✓ – 140 000✓)	3 300 000	✓
	Cost of sales (3 300 000 ✓+ 300 000✓)100/200 one part correct	(1 800 000)	☑
7	Gross profit Operation	1 500 000	☑
	Other operating income Operation	448 480	☑
	Bad debts recovered	**39 000**	
	Commission income	**312 600**	
	Rent income(25 500 + 53 550 + 16830)	95 880	✓✓
4	Provision for bad debts adjustment	1 000	✓
	Gross operating income	1 948 480	
	Operating expenses Operation	(1 072 850)	☑
	Audit fees	**28 000**	
	Bad debts	**11 000**	
	Salaries and wages(920 000 – 556 800☑) see Directors' fees	363 200	✓
	Consumable stores (20 000 + 3 000✓ – 5 000✓)	18 000	✓
	Advertising (19 500 + 7 500✓ – 4 500✓) **Or** (3000 two Marks)	22 500	✓
	Directors fees (556 800✓ – 14 400✓)	542 400	✓
	Depreciation (26 500 + 13 000)	39 500	✓
14	Sundry expenses Balancing/missing figure	48 250	☑
	Operating profit	875 630	✓
	Interest income	**66 620**	
	Operating profit before interest expenses Operation	942 250	☑
	Interest expenses (Accept R142 250)	(1 707 000)	✓✓
	Net profit before taxation/Net Loss (Accept R800 000 as Net Profit) 1mark	(764 750)	✓☑
	Taxation(Accept R240 000 if it was profit) One mark		
6	**Net profit after tax**	**560 000**	**31**

Foreign entry -1 max -2

Award 2 Marks for (R764 750)

1.2 Trade and other receivables Note on 28 February 2025

Trade debtors (350 000✓ - 140 000✓)	210 000	✓
Provision for bad debts	(9 500)	✓
Net trade debtors	200 500	
Accrued income	8 415	✓
Prepaid expense (4 500 ✓+ 14 400✓)	18 900	✓
Balance at the end Operation one part correct	507 815	☑

9

TOTAL MARKS
40

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QUESTION 2

2.1 **Ordinary share capital Note for the year ended 28 February 2025.**

Authorised shares			
600 000 shares			
ISSUED SHARES:			
3 000 000 ✓	Shares issued	6 000 000	✓
1 000 000 ✓	Additional shares issued@ R5	5 000 000	✓
(200 000) ✓	Shares brought back @ R2.75	(550 000)	✓
3 800 000 ☑	Shares issued operation one part correct	10 450 000	☑

8

2.2 **Retained Income Note on 28 February 2025**

Balance at the beginning	1 634 000	✓
Net profit after tax (3 800 000 – 1 072 000)	2 728 000	✓✓
Buy- back of shares (770 000 – 550 000)	(220 000)	✓
Dividends operation one part correct	(2 512 000)	☑
Paid (3 000 000 x 0.28)	840 000	✓
Final (3 800 000 x 0.44)	1 672 000	✓
Balance at the end operation one part correct	1 630 000	☑

8

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2.3 Statement of Financial Position on 28 February 2025.

Asset		
Non-current assets	14 388 400 ☑	**5**
Tangible assets (12 278 400✓ – 890 000✓)	11 388 400 ✓	
Fixed deposit	3 000 000 ✓	
Current assets (18 344 000 – 14 388 400)	3 955 600 ☑	**9**
Inventory Balancing figure	2 018 320 ☑	
Trade and other receivables operation one part correct (356 000 + 6 800 ✓ +14 000✓ – 18 500✓)	358 300 ☑	
Cash and cash equivalent(1 937 280 – 358 300)One of the two figures	1 578 980 ☑	
Total assets (Total equity + liabilities = Total asset	18 344 000 ☑	
Equity and liabilities		
Shareholders' equity operation	12 080 000 ☑	**3**
Ordinary share capital see 2.1	10 450 000 ☑	
Retained income see 2.2	1 630 000 ☑	
Non-current liabilities	3 842 400	**3**
Loan (4 028 000✓ – 185 600✓)	3 842 400 ✓	
Current liabilities operation one part correct	2 421 600 ☑	**8**
Trade and other payables operation one part correct (478 000✓ + 12 000✓ + 14 000✓+60 000✓)	564 000 ☑	
Current portion of loan see NCL	185 600 ☑	
Shareholders for dividends see 2.2	1 672 000 ☑	
Total equity and liabilities operation one part correct	18 344 000 ☑	**29**

TOTAL MARKS
45

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QUESTION 3

3.1.1 **Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently.**

Financial indicators with figures and trend ✓ ✓
% operating expenses on sales decreased from 32.2% to 21.6%

% operating profit on sale increased from 19% to 21%

2

3.1.2 **Suggest strategies that the company can employ to improve its net working capital. Quote TWO financial indicators.**

Financial indicator with figures ✓ and one strategy ✓ ✓

Financial indicator with figures	Strategies
Acid-test ratio decreased from 1.3 : 1 to 0.6 : 1	Sales promotion to reduce excess stock/ more effective advertising/ reduce selling price to increase sales.
Average debtors collection period increased from 29 to 42 days	Offer discount for early payments / charge interest for late payment / hand over long overdue accounts to attorneys for collection.

4

3.1.3 **Comment on the dividend pay-out policy of the company. Provide TWO reasons why the directors decided to change policy in 2025.**

Comment on dividend pay-out rate (DPR) with figures and trends with TWO reasons ✓ ✓

Comment:
DPR increased from 51% to 103%

Reasons:
Satisfying shareholders (keep them happy)
No plans to expand business
To attract potential prospective shareholders.

Explain whether the shareholders should be satisfied with their return on investment in the company. Quote ONE financial indicator, with figures, in your explanation.

comparison to interest on alternative investment ✓✓

% return on shareholders' equity (ROSHE) increased from 11% to 12.8%
ROSHE is more than interest on alternative investment of 8% / by 4.8%

4

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3.1.4	As a shareholder in the company, how would you react to this decision? Explain and Quote TWO financial indicators.	
	Financial indicators with figures ✓ ✓ CEO wants to buy shares at R8.10 per share below the NAV of R9.50 by R1.40. This is unethical behavior and it constitute insider trading. Not happy. CEO wants to buy shares at R8.10 per share below the Market price of R9.34 by R1.24. This is unethical behavior and it constitute insider trading. Not happy	2

3.1.5	Comment on the degree of risk and gearing	
	Financial indicators with figures and explanation ✓ Debt-equity ratio decreased by 0.3 / 33.33% which indicate a low risk **Financial indicators with figures and explanation** ✓ **comparing ROTCE with interest on loan** ✓ % return on capital employed decreased by 0.5%. ROTCE of 19.8 is above the interest rate on loan of 13% by 6.8%, this indicate a low risk	3

TOTAL MARKS
15

TOTAL MARKS: 100

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