LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA
DEPARTMENT OF
EDUCATION

LIMPOPO DEPARTMENT OF EDUCATION

NATIONAL SENIOR CERTIFICATE

MARKING GUIDELINES

GRAAD 12

ACCOUNTING
CONTROLLED TEST 1 TASK 2
17 MARCH 2026

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 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 that the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if earning full marks not related to Q (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.

This Marking guideline consists of 08 pages.

QUESTION 1

1.1 MORETELE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE EAR ENDED 28 FEBRUARY 2026

Sales		**2 101 720**
Cost of Sales (2 101 720 +33 600 X 100/220)		(970 600) ✓☑
Gross profit	**Sales-CoS**	1 131 120☑
Other operating income		**879 440**
Gross Income		2 010 560☑
Operating expenses		(1 255 000)☑
Salaries and wages		**601 200**
Audit fees (65 400 +21 800)		87 200 ✓✓
Rent expense (79 240 + 24 080)		103 320 ✓✓
Directors' fees (319 077 – 28 611)		290 466 ✓✓
Insurance (97 320 -16 220)		81 100 ✓
Sundry expenses		91 714 ✓
Operating profit		755 560☑
Interest income	balancing figure	19 440☑
Net profit before interest expense		775 000☑
Interest expense		(121 250) ✓
Net profit before tax		653 750 ✓
Income tax (152 200 + 30 850) or (470 700 X 28/72)		(183 050) ✓✓
Net profit after tax		**470 700**

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1.1.2 RETAINED INCOME

Balance on 1 March 2025		**697 300**
Net profit after tax		**470 700**
Share repurchased (150 000 x1,55)	ignore brackets	(232 500) ✓☑ *
Ordinary share dividends	ignore brackets	(550 900)☑ *
Interim dividends (1130 000 x 0,30)		339 000 ✓
Final dividends (1630 000 x 0,13)		211 900 ✓
Balance on 28 February 2026		384 600☑*#

*one part correct and operation #repurchase and OSD must be subtracted

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1.1.3 EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY		9 200 600☑
Ordinary share capital		**8 816 000**
Retained Income	see 1.1.2	384 600☑
NON- CURRENT LIABILITIES		**1 250 350**
Loan: ASSA Bank (1 725 500 - 379 200 ✓ +121 250 ✓ – 217 200 ✓) (31 600x12; 379 200 – 162 000)		1 250 350☑
Current Liabilities		919 950☑
Trade and other payables (414 120 + 21 800☑ + 24 080☑) (Audit fees; rent exp)		460 000☑
Shareholders for dividends	see RI	211 900☑
SARS (Income tax)		30 850 ✓
Current portion of loan	see NCL above	217 200☑
	Operation one part correct	11 370 900☑

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QUESTION 2

2.1 **LORRAINE LTD**

2.1.1 **ORDINARY SHARE CAPITAL**

760 000	**Shares in issue at beginning**	**3 800 000**
150 000 ✓	Share issued during the year balancing figure	3 480 000 ☑
(60 000) ✓	Shares repurchased R8 ✓☑	(480 000) ✓
850 000 ☑ Operation, one part correct	Shares in issue at the end	**6 800 000**

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2.1.2

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	
Taxation paid (49 800 ✓ – 497 400 ✓ + 52 500 ✓) **OR** (- 49 800 + 497 400 - 52 500) **OR** **SARS (INCONE TAX** Bal b/d 49 800 | Income tax 497 400 Bank **395 100** Bal c/d 52 500 signs can be reversed; mark one option consistently	(395 100) ☑*
Dividends paid (182 000 ✓ + 198 000 ✓)	(380 000) ☑*
CASH EFFECTS OF INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	
Purchase of fixed assets (5 040 600✓-196 700✓- 60 800 ☑ - 5 445 900 ✓) **OR** (5 445 900 + 60 800 +196 700 – 5 040 600) signs can be reversed; mark one option consistently	(662 800) ☑*
Investment matured	
CASH EFFECT OF FINANCING ACTIVITIES	
Proceeds from sale of shares see 2.1.1	3 480 000 ☑
Funds used for buying back of shares	**600 000**
Loan (4 255 000 – 3 840 000)	(415 000) ✓☑*
NET CHANGE IN CASH AND CASH EQUIVALENTS	1 244 300 ☑ operation
Cash and cash equivalents at the beginning of the year (119 500 – 419 800)	(300 300) ✓☑*
Cash and cash equivalents at the end of the year	**944 000**

* one part correct and the correct flow of cash shown

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2.2 **Calculate the following financial indicators for February 2026**

2.2.1

Current ratio	
WORKINGS	**ANSWER**
4 180 200: 1 678 900	2,5: 1 ✓ ☑ one part correct;x:1

2

2.2.2

Dividends per share	
WORKINGS	**ANSWER**
182 000 x 100 + 212 500 x 100 910 000 850 000 = 20c ✓ + 25c ✓	45 cents☑ one part correct accept 0.45 / R0.45 Do not accept 46 cents assume cents if not specified

3

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QUESTION 3

3.1 Choose the statement from COLUMN B that matches a category of financial indicators in COLUMN A. Write only the letter (A-C) next to the question numbers (3.1.1 to 3.1.2) in the ANSWER BOOK.

COLUMN A	COLUMN B
3.1.1	B ✓
3.1.2	C ✓

2

3.2 The directors are satisfied with the improvement in the current ratio and acid-test ratio. Explain why you would disagree with them regarding the company's liquidity. Quote TWO financial indicators.

Financial Indicator with figures and trend ✓ ✓

- Stock holding period increased from 69 days to 103 days/by 34 days
- Debtors' collection period increased from 30 days to 49 days/ by 19 days
- Current ratio increased from 1,6:1 to 2,2:1 and the acid test ratio increased from 0,7:1 to 0,9:1* *must quote both CR and ATR

Explanation: ✓ ✓

- Too much cash is tied up on stock /over investment in stock
- The difference between current ratio and acid test ratio reflects stock piling/ stock can become obsolete.
- The business has neglected its collection policies/ The business may experience cash flow problems

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3.3	**Explain why the shareholders should be satisfied with the return they get from investing in the company. Quote ONE financial indicator and figures.** **Financial Indicator with figures and trend** ✓ ROSHE increased from 11,9% to 13,5% **Comparison with interest on fixed deposit** ✓✓ ROSHE of 13,5% is better than the interest on fixed deposit of 10%	3
3.4	Comment on the gearing and the degree of risk for 2026. Quote TWO financial indicators with figures and trends. **Financial Indicator with figures and trend** ✓ ✓ Debt quit ratio increased from 0,1:1 to 0,4:1 ROTCE increased from 15,3% to 16,4% **Comments:** ✓ ✓ Although debt equity ratio increased it is still a low risk ROTCE is higher than the interest on loan of 13% - positively geared company is making better use of loan.	4
3.5	**All the new shares issued on 29 February 2026 were sold to the CEO, Ephraim without advertising them to the public. Explain TWO points why you think the shareholders are not happy with this. Quote figures.** **TWO Points** ✓✓ ✓✓ • Shares were sold at 510 cents which is below the NAV of 788 cents and below MP of 780 cents • The CEO used his position to disadvantages the business financially. • The business would have made R390 000 if shares were sold at MP(50 000 X 780 cents) • Shares should be advertised- requirements by the company's Act	4
3.6	**Calculate Ephraim's percentage shareholding on 29 February 2026. Comment on your findings.** 1 295 000 / 2 550 000 X 100 = 50,8% ✓✓ He is now a majority shareholder ✓	3
		20

QUESTION 4

4.1

4.1.1	C ✓
4.1.2	A ✓

2

4.2.1

Explain the difference between the roles performed by the executive and non-executive directors in a company.	
Executive directors ✓✓	**Non-executive directors ✓✓**
• Are involved in day-to-day running of the company/ • involved with internal functioning (operations) of the company	They serve as a watch-dog role to: • protect or to safeguard the investment of shareholders • hold executive directors accountable for their decisions • check the work of the executive directors and report to the board. • They provide an objective judgement on the issues.

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4.2.2

Explain your concern as a shareholder in the company regarding the CEO's actions.

Any ONE valid point ✓✓

Conflict of interests – The CEO used business resources for his gain/Act of corruption/Caused financial loss to the company through his actions/Failed to perform his duty of not accepting benefits from third parties.

2

4.2.3

What implications will this have on the CEO. Mention TWO points.

TWO valid points ✓ ✓

- Could be voted out of office / demoted.
- Bad reputation and credentials.
- Could face disciplinary action.

2

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