KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

MARKING GUIDELINES

MARCH 2024

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 Retained Income Note on 29 February 2024

Balance at the beginning (2 500 000✓ + 75 000✓)	2 575 000	✓
Net profit after tax (120X1800000)/100✓	2 160 000	☑
Buy- back of shares (50 000 X 1.50)	(75 000)	✓
Dividends Operation	(1 820 000)	☑
Paid (1 850 000 X 0.40)	740 000	✓
Final (1 800 000 X 0.60)	1 080 000	✓
Balance at the end Operation one part correct	2 840 000	☑

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1.2 Statement of Financial Position on 29 February 2024.

Asset			
Non-current assets	TA – CA	11 223 500 ☑	2
Tangible assets	(non current assets – fixed deposit)	10 023 500 ☑	
Fixed deposit		1 200 000	
Current assets	CL X 2.5	4 902 500 ✓☑	12
Inventory	Balancing figure	1 880 800 ☑	
Trade and other receivables (90 000✓ + 9 000✓ + 7 000✓ + 950 000✓)		1 056 000 ✓	
Cash and cash equivalent (465 000✓ + 1 500 700✓)		1 965 700 ✓	
Total assets	(Total equity + liabilities = Total asset	16 126 000 ☑	
Equity and liabilities			
Shareholders' equity	(1 800 000 X 650)/100	11 700 000 ✓☑	4
Ordinary share capital	(shareholders equity – retained income)	8 860 000 ☑	
Retained income	see 1.1	2 840 000 ☑	
Non-current liabilities		2 465 000	3
Loan (2 750 000✓ – 285 000✓)		2 465 000 ✓	
Current liabilities	operation one part correct	1 961 000 ☑	14
Trade and other payables (420 000✓ + 12400✓ + 9 600✓+ 45 000✓ + 9000✓)		496 000 ✓	
Current portion of loan	see NCL	285 000 ☑	
Shareholders for dividends	see 1.1	1 080 000 ☑	
SARS-Income tax (80 000✓ + 648 000✓ – 628 000✓)		100 000 ✓	
Total equity and liabilities	operation one part correct	16 126 000 ☑	35

TOTAL MARKS
45

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QUESTION 2

2.1 **Ordinary share capital Note for the year ended 29 February 2024.**

Authorised shares			
600 000 shares			
ISSUED SHARES:			
420 000 ✓	Shares issued	7 350 000	✓
(50 000) ✓	Shares brought back @ R17.50	(875 000)	☑
18 000 ✓	Additional shares issued @ R20	360 000	☑
388 000 ✓	Shares issued	6 835 000	✓

8

2.2.1 Dividends paid

WORKINGS	ANSWER
280 000✓ + 111 000✓✓ OR 280 000 + 266 200 – 155 200	(391 000) ☑ Operation One part correc

4

2.2.2 Tax paid

WORKINGS	ANSWER
819 000✓ - 15 000✓ - 74 000 ✓ One part correct or 74 000 + 15 000 – 819 000	(730 000)☑ Operation One part correct

4

2.3.1

Cash flow from Investing activities Operation one part correct	(4 560 000) ☑
Purchases of Fixed assets	(4 840 000) ✓
(12 154 000✓ + 412 000✓ - 4 840 000✓ – 8 031 000✓) Or 8 031 000 – 4 840 000 – 412 000 – 12 154 000 Proceeds from sale of fixed assets	305 000 ☑ one part correct
Changes in financial assets (600 000 – 625 000)	(25 000) ✓

8

2.3.2

Net change in cash and cash equivalent Operation one part correct	540 000 ☑
Cash and cash equivalent at the beginning (5 000 – 135 000)	(130 000) ✓✓
Cash and cash equivalent at the end	410 000 ✓

4

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2.4.1 Debt/equity ratio

WORKINGS	ANSWER
1 773 650✓ : 9 335 000✓	0.19 : 1☑ one part correct

3

2.4.2 % return on average shareholders' equity (ROSHE)

WORKINGS	ANSWER
$\frac{1\ 911\ 000}{\frac{1}{2}(9335\ 000 + 8\ 040\ 000)}$ ✓ x $\frac{100}{1}$	21.99%☑ or 22% one part correct x 100 and ½ is not considered as one part correct

4

TOTAL MARKS
35

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QUESTION 3

3.1 **The directors are happy about the liquidity of the company. Quote TWO financial indicators to support this statement.**

Response for figures/calculation and financial indicator ✓✓ ✓✓

Rate of stock turnover improved from 3 times to 5 times by (2 times) 66.66%

- Debtors collection increased from 28 days to 30 days by 2 days. 30 days is still within a month

Do not accept creditors payment period.
Award one mark for financial indicator without figures

4

3.2 **Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement.**

Financial indicators and figures ✓ ✓
Valid comment ✓ ✓

New shares have been sold at 850 cents above the NAV of 695 cents (2024)
New shares have been sold at 850 cents above the market value per share of 810 cents

4

3.3 **One of the directors feel that the loan should be paid as soon as possible. Do you agree? Explain. Quote TWO financial indicators with figures to support your answer.**

Financial indicators and figures
Explanation

Debt equity ratio decreased from 0.28 : 1 to 0.06 : 1 by 0.22. 0,06 : 1 indicate low risk, which means the business is in position to borrow more monies. ✓✓

The return on total capital employed (ROTCE) increased from 14% to 24% by 10%. ROTCE of 24% is greater than the interest rate of 16%. This indicates positive gearing. ✓✓
Award one mark for financial indicator with a trend without comparing it with interest rate

4

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3.4 **Shareholders are not satisfied with the return on their investment and the dividends they received. Explain TWO financial indicators with figures to support this opinion.**

Explanation with figures. ✓✓ ✓✓

Return on shareholders' equity improved from 8,6% to 9.1%. 9.1% is below the return on alternative investment of 10% by 0.9%.

Dividend received decreased by 38.77% compared last year
DPS decreased by 33.33%
Response for ✓ ✓

Return on shareholders' equity improved from 8,6% to 9.1% by 0.5%
DPS decreased from 45 cents to 30 cents by 15 cents.

4

3.5.1 **Njabulo and Nqatayi decided that they would combine their votes at the upcoming annual general meeting (AGM).**

Explain ONE possible reason for this decision, with figures.

Figures ✓ explanation ✓ **(mention whether their combined shares are above 50% or not**

Combining their shares gives them a clear majority of 52% the other shareholders own 48% of the shares / they would enjoy more than 50% of the voting rights / they will be in a position to have more control over major decisions / influence decisions.

2

3.5.2 **As an existing shareholder, explain why you would be concerned about the strategy of Njabulo and Nqatayi. Provide TWO points.**

Very open-ended: accept any valid points
TWO different possible concerns ✓ ✓

- Whether they will use their powers to benefit the company / have other unethical motives (e.g corruption)
- Their past experience in directing a company : their skills and knowledge
- Their understanding of the responsibility/ powers of majority shareholders
- Quality of their contributions / issues they might have raised at AGMs
- Effect on the company if one of them discontinues the coalition / sells shares and is no longer a shareholder / possibility of instability in decision making

2

TOTAL MARKS
20

TOTAL MARKS: 100

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