



**basic education**

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

# **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**ACCOUNTING P1**

**MAY/JUNE 2025**

**MARKING GUIDELINES**

**MARKS: 150**

## **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 a correct answer. If answer is 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: if figures are stipulated in the marking guidelines 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 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 are 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 an operation, the marker must inspect reasonableness of the answer.
11. 'Operation' means check operation. 'One part correct' means operation and one part correct. Note: check operation must be +, -, ×, ÷ as per candidate's calculation (if valid) or per marking guidelines.
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.

**These marking guidelines consist of 10 pages.**

**QUESTION 1****1.1 Statement of Comprehensive Income for the year ended 28 February 2025**

|                                       |  |                  |                                       |
|---------------------------------------|--|------------------|---------------------------------------|
| <b>Sales</b>                          | (12 171 200 ✓ – 31 200 ✓)  | 12 140 000       | <input checked="" type="checkbox"/> * |
| <b>Cost of sales</b>                  | sales/1,6 OR sales x 100/160   | (7 587 500)      | <input checked="" type="checkbox"/> # |
| <b>Gross profit</b>                   | Sales – CofS <b>6</b>  | 4 552 500        | <input checked="" type="checkbox"/>   |
| <b>Other income</b>                   |  | 225 250          | <input checked="" type="checkbox"/> * |
| <b>Service fee income</b>             |  | <b>174 580</b>   |                                       |
| Provision for bad debts adjustment    |  | 2 030            | ✓✓                                    |
| Rent income                           | [6 080 x 4] OR [72 960 x 4/12]<br>(72 960 – 24 320 ✓✓)                                     | 48 640           | <input checked="" type="checkbox"/> * |
| <b>Gross operating income</b>         | GP + OI <b>7</b>   | <b>4 777 750</b> | <input checked="" type="checkbox"/>   |
| <b>Operating expenses</b>             |  | (3 307 800)      | <input checked="" type="checkbox"/> * |
| <b>Salaries and wages</b>             |  | <b>763 000</b>   |                                       |
| <b>Depreciation</b>                   |  | <b>285 860</b>   |                                       |
| Audit fees                            | (75 168 + 18 792)  | 93 960           | ✓✓                                    |
| Directors fees                        | one mark one mark two marks<br>49 500 + 49 500 + 44 055<br>(1 595 385 – 143 055 ✓✓✓✓)      | 1 452 330        | <input checked="" type="checkbox"/> * |
| Trading stock deficit                 | [31 200 x 100/160]<br>(22 150 – 19 500 ✓✓)   | 2 650            | <input checked="" type="checkbox"/> * |
| Sundry expenses                       |  | 710 000          | ✓                                     |
|                                       | <b>12</b>  |                  |                                       |
| <b>Operating profit</b>               | GOI - OE   | <b>1 469 950</b> | <input checked="" type="checkbox"/>   |
| <b>Interest income</b>                | balancing figure   | <b>59 450</b>    | <input checked="" type="checkbox"/>   |
| <b>Profit before interest expense</b> | NPBT + Int. exp  | <b>1 529 400</b> | <input checked="" type="checkbox"/>   |
| <b>Interest expense</b>               | 16 950 two marks<br>(330 000 ✓ – 126 600 ✓) OR (27 500 – 10 550) x 12<br>one mark one mark | (203 400)        | <input checked="" type="checkbox"/>   |
| <b>Net profit before tax</b>          | NPAT + IT  | <b>1 326 000</b> | <input checked="" type="checkbox"/>   |
| <b>Income tax</b>                     |  | <b>(397 800)</b> |                                       |
| <b>Net profit after tax</b>           | [397 800 x 70/30] <b>9</b>   | <b>928 200</b>   | ✓✓                                    |

\*one part correct

-1 foreign items (max -2) i.e SFP items; -1 presentation (max -1).

Prov. for bd adjust must be shown as an income.

Trading stock deficit could be shown as an income, mark as per principle 11.

If trading stock deficit is shown as an income with correct workings, -1 for answer.

#two m marks will be awarded only if the candidate has used the sales figure calculated above.

34

## 1.2 Statement of Financial Position on 28 February 2025

| <b>EQUITY AND LIABILITIES</b>  |   |                  |                                       |
|--|---|------------------|---------------------------------------|
| <b>ORDINARY SHAREHOLDERS' EQUITY</b>   |   | 3 041 500        | <input checked="" type="checkbox"/>   |
|  | (TE&L – TL)                                       |                  |                                       |
| <b>Ordinary share capital</b>  |   | <b>2 480 000</b> |                                       |
| Retained income  | balancing figure 2                                | 561 500          | <input checked="" type="checkbox"/>   |
| <b>NON-CURRENT LIABILITIES</b>   |   |                  |                                       |
|  | [5 214 000 / 2,4]<br>(2 172 500 ✓✓ – 972 000 ✓) 4 | 1 200 500        | <input checked="" type="checkbox"/> * |
| <b>Loan: Oracle Bank</b>   |   | <b>1 200 500</b> |                                       |
| <b>CURRENT LIABILITIES</b>   |   | <b>972 000</b>   |                                       |
| <b>Trade and other payables</b>  |   |                  |                                       |
| Audit fees   | Rent income                                       | correction       |                                       |
| (420 358 + 18 792 ✓ + 24 320 <input checked="" type="checkbox"/> – 22 750 ✓) |   | 440 720          | <input checked="" type="checkbox"/> * |
| SARS Income tax  | (397 800 – 363 100)                               | 34 700           | ✓✓                                    |
| Shareholders for dividends   | (1 550 000 x 19/100)                              | 294 500          | ✓✓                                    |
| <b>Bank overdraft</b>  | balancing figure                                  | <b>75 480</b>    | <input checked="" type="checkbox"/>   |
| <b>Current portion of loan</b>   |   | <b>126 600</b>   |                                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>10</b>   | <b>5 214 000</b> | ✓                                     |

16

\*one part correct

-1 foreign items (max -2); presentation -1 (max -1)  
Inspect: SARS:IT and SFD may be included in T&OP

Note principle 11 when awarding method marks; Operation as per candidate's operation, unless otherwise specified.

TOTAL MARKS

50

**QUESTION 2:****2.1**

|       |   |   |
|-------|---|---|
| (i)   | <b>Calculate: Carrying value of buildings on 1 March 2024</b>   |   |
|       | <b>WORKINGS</b>   | <b>ANSWER</b>                                   |
|       | 15 479 600 – 7 909 600  | 7 570 000 ✓✓                                    |
| (ii)  | <b>Calculate: Disposal of vehicle at carrying value</b>   |   |
|       | <b>WORKINGS</b>   | <b>ANSWER</b>                                   |
|       | 180 000 x [20% x 7/12]<br>510 000 ✓ – 330 000 ✓ – 21 000 ✓☒<br>180 000 two marks<br><br>OR 510 000 – 351 000<br>one mark two marks one m mark<br><br>Accept ledger format | 159 000 ☒<br>CP – AccD@B – Curr Depr            |
| (iii) | <b>Calculate: Total depreciation on equipment</b>   |   |
|       | <b>WORKINGS</b>   | <b>ANSWER</b>                                   |
|       | New 320 000 x [15% x 3/12] 12 000 ✓☒<br><br>Old 2 630 000 x [15% x 12/12] 394 500 ✓✓  | 406 500 ☒<br>one part correct<br>new + old depr |
|       | Do not award marks for any operations done to stand-alone figures. e.g. no tick if anything else is added to R320 000 or R2 630 000.                                      |   |

12

**2.2**

|  |  |  |
|--|--|--|
|  | <b>Calculate: Taxation paid</b>  |  |
|  | <b>WORKINGS</b>  | <b>ANSWER</b>                                      |
|  | 148 000 ✓ + 1 736 000 ✓ + 220 000 ✓<br><br>OR – 148 000 – 1 736 000 – 220 000<br><br>Accept ledger format or use of brackets as workings.<br>Be aware of signs reversed; Ensure that only one option is marked consistently. | 2 104 000 ☒<br>one part correct<br>ignore brackets |
|  | <b>Calculate: Dividends paid</b>   |  |
|  | <b>WORKINGS</b>  | <b>ANSWER</b>                                      |
|  | [4 050 000 x 0,32]<br>840 000 ✓ + 1 296 000 ✓✓<br><br>OR 840 000 + [2 696 000 – 1 400 000]<br>one mark two marks<br><br>Accept ledger format or use of brackets as workings  | 2 136 000 ☒<br>one part correct<br>ignore brackets |

4

4

**2.3 Cash effects from financing activities in the Cash Flow Statement for the year ended 28 February 2025**

\*one part correct

|  |                                  |  |
|--|----------------------------------|--|
| <b>Cash effects from financing activities</b>  | 9 608 500                        | <input checked="" type="checkbox"/> *  |
| Issuing of shares  | 6 300 000                        | <input checked="" type="checkbox"/>    |
| Shares repurchased<br>(50 000 ✓ x R8,50 ✓✓) OR 175 000 + 250 000<br>one mark two marks | (425 000)<br>Must be in brackets | <input checked="" type="checkbox"/> *  |
| Change in loan   | 3 733 500                        | <input checked="" type="checkbox"/> ✓✓ |

-1P if no details (max -1)

**8**

**2.4 Calculate: % operating expenses on sales**

**WORKINGS**

$$\frac{4\ 667\ 600 \checkmark}{26\ 480\ 000 \checkmark} \times \frac{100}{1}$$

**ANSWER**17,6 % 

one part correct

**3**

**Calculate: % return on average shareholders' equity**

**WORKINGS**

$$\frac{4\ 464\ 000 \checkmark}{\frac{1}{2}(22\ 556\ 000 \checkmark + 14\ 913\ 000 \checkmark)} \times \frac{100}{1}$$

18 734 500 two marks

**ANSWER**23 ,8% 

one part correct

if average SHE ( $x \frac{1}{2}$ ) is used**4**

**Calculate: Dividends per share**

**WORKINGS**

$$[1\ 296\ 000 / 4\ 050\ 000] [1\ 400\ 000 / 4\ 000\ 000] \quad \text{one mark} \quad \text{two marks}$$

32 ✓ + 35 ✓✓ OR 0,32 + 0,35

**ANSWER**67cents 

one part correct

Do not accept 67,4

**4**

Ensure that only one option is marked consistently.

- For EACH calculation, the 'x 100' does not constitute 'one part correct'.
- Numerator and denominator must be marked as such.
- Do not award marks for any operations done to stand-alone figures. e.g. no tick if anything else is added to R4 667 600.

**2.5**

|                 | <b>SOURCE OF FUNDING<br/>(with figures)</b>                                 | <b>NEGATIVE EFFECT ON<br/>CASH FLOW</b>                                   |
|-----------------|---|---|
| <b>SOURCE 1</b> | Shares issued, ✓ R6 300 000 ✓   | Expectations of shareholders to receive regular dividends in the future ✓ |
| <b>SOURCE 2</b> | Change in loan, ✓ R3 733 500 <input checked="" type="checkbox"/><br>See 2.3 | Loan has to be repaid with interest. ✓                                    |

**6****TOTAL MARKS****45**

**QUESTION 3:**

|                  |                       |                  |   |
|------------------|-----------------------|------------------|---|
| 3.1              | 3.1.1 Profitability ✓ | No abbreviations | 3 |
| 3.1.2 Limited ✓  |                       |                  |   |
| 3.1.3 Solvency ✓ |                       |                  |   |

**3.2 Liquidity:**

**The liquidity position of the company has improved. Quote TWO financial indicators with figures to support this statement.**

Financial indicators ✓ ✓ Figures and trends ✓ ✓

- Current ratio improved/increased (from 0,3 :1) to 1,6:1 / by 1,3 : 1.
- Acid test ratio improved/increased (from 0,1 :1) to 0,8:1 / by 0,7 : 1
- Debtors collection period improved/decreased (from 43 days) to 36 days / by 7 days

Do not accept creditors payment period

4

**3.3 Dividend pay-out policy:**

**Calculate the dividend pay-out rate for the year ended 28 February 2025.**

| WORKINGS                             | ANSWER                          |
|--------------------------------------|---------------------------------|
| $\frac{55}{51} \times \frac{100}{1}$ | 107,8% ✓✓<br>Do not accept 1,07 |

2

**Explain why the directors decided to change the policy. Give ONE reason.**

ONE valid point ✓✓

- The company wants to keep shareholders happy/increase shareholder satisfaction.
- They are trying to influence the market price of shares by increasing dividends.
- Equalising dividends over several years.
- Not planning for future expansions
- The company had sufficient reserves from previous years.

2

**3.4 % shareholding and repurchase decision making:**

**Calculate the number of new shares that Denzel purchased on 31 July 2024.**

| WORKINGS  | ANSWER   |
|---|--|
| $[900\ 000 \times 45\%]$<br>494 000 ✓ – 405 000 ✓✓                    | 89 000 <input checked="" type="checkbox"/><br>one part correct |
| OR 495 000 – 456 000 + 50 000<br>one mark      one mark      one mark |  |

4

**Calculate Denzel's % shareholding on 28 February 2025.**

| WORKINGS   | ANSWER  |
|--|---|
| $\frac{494\ 000}{950\ 000} \times 100$<br>• Numerator and denominator must be marked as such.<br>• Do not award marks for any operations done to stand-alone figures.<br>e.g. no tick if anything else is added to R494 000. | 52% <input checked="" type="checkbox"/><br>one part correct |

3

**The independent auditor discovered that Denzel had made the decision to repurchase the shares from the estate of a deceased relative on 1 December 2024 without informing the board of directors.**

**Why should the independent auditor be concerned about this? Give ONE reason.**

ONE valid reason ✓✓

part marks for incomplete / partial / unclear responses

- Unethical, as Denzel is taking advantage as the majority shareholder/This creates potential conflict of interest.
- Nepotism, as Denzel has favoured his relative's estate by paying R12 per share.
- This is not procedural; one person cannot determine buy-back prices.
- Shareholders may lodge a dispute, as this action could be a breach of the company's policies.
- The decision was not fair and transparent.

2

### 3.5 Gearing and risk:

**The directors of Venus Ltd want to expand the business by opening more branches in other provinces. Explain why you would recommend that they should not borrow more money. Quote TWO financial indicators with figures.**

TWO financial indicators ✓ ✓ Figures and trends ✓ ✓ Explanation ✓ ✓

- Debt/equity ratio increased (from 0,5 : 1) to 0,8 : 1 / by 0,3 : 1  
The financial risk has increased / The company is more reliant on debt to finance its operations.
- The % return on average capital employed (ROTCE) decreased (from 9,5%) to 8,2% / by 1,3% points / by 13,7%  
The company is negatively geared / ROTCE is lower than the (12%) interest rate/using loans ineffectively.

6

**The other option of financing the proposed expansions is to issue more shares. Explain how this will benefit the company. Provide TWO points.**

TWO valid points ✓✓ ✓✓

part marks for incomplete / partial / unclear responses

- The capital raised does not have to be repaid to the shareholders.
- Improvement in the debt-equity ratio.
- Dividends will only be declared if the company can afford to do so.
- No interest is paid; this will improve profits.

4

### 3.6 Share value:

**Explain why the shareholders should not be satisfied with the share prices of the company at the end of the financial year. Quote TWO relevant financial indicators and other related data.**

Financial indicators / other data ✓ ✓ Figures and trends ✓ ✓

- Net asset value per share decreased (from 1 060 cents) to 1 025 cents / by 35 cents / by 3,3%.
- Market price per share decreased (from 1 030 cents) to 1 000 cents / by 30 cents / by 2,9%.

**For FOUR marks:**

- Market price per share of 1 000 cents is lower than the Net asset value per share of 1 025 cents

4

### 3.7 Renewal of the CFO's contract:

**Explain ONE reason why any company should appoint a suitably qualified person as their chief financial officer (CFO).**

ONE valid point ✓✓

part marks for incomplete / partial / unclear responses

- Develop sound financial strategies aligned with company long term goals.
- Ensure that the company complies with financial regulations and standards.
- Instil confidence in the company performance and growth.
- CFO's are instrumental in identifying financial risks.
- He / She must have the relevant knowledge (experience/skill) as the CFO makes final decisions concerning all the aspects of the company's finances.
- Must be informed of all policies relevant to the effective handling of the company's finances.
- To prevent fraud and mismanagement of funds.

2

**Apart from the factors and financial indicators covered in QUESTIONS 3.2 to 3.6, quote and explain TWO financial indicators why you feel that Denzel's contract should not be renewed.**

Financial indicators / other data ✓ ✓ Figures and trends ✓ ✓

- Earnings per share decreased (from 58 cents) to 51 cents / by 7 cents / by 12%.
- Return on average shareholders' equity decreased from (from 6,2%) to 4,5% / by 1,7% points / by 27,4%.
- Solvency ratio decreased (from 2,6 : 1) to 2,2 : 1 / by 0,4 : 1.

4

**Note:** Do not accept % operating expenses on sales  
Be aware of relevant indicators not used in Q3.2 – Q3.6 excluding positive trends. e.g liquidity.

**TOTAL MARKS**

**40**

**QUESTION 4****4.1.1 Identify the type of audit report that Yungs Ltd received.**

Unqualified ✓ Accept 'clean' report

1

**4.1.2 Name TWO reliable types of audit evidence that VC Auditors used as the basis for their opinion.**

Any TWO valid and different types ✓ ✓

source documents (any two may be marked separately e.g. invoices /receipts)

journals ledgers

(signed) contracts (signed) payrolls

debtors' statements creditors' statements

bank statements EFT voucher (proof of payment)

asset registers physical inspections

Deeds/registration documents

2

Be aware of other valid examples that are related to financial records

**4.1.3 Explain how this audit report could have a positive influence on the company in the future. Provide TWO points.**

Any TWO valid points ✓✓ ✓✓

part marks for incomplete / partial / unclear responses

- Shareholders have confidence in the management of the company and would want to retain their shares.
- It would attract potential shareholders.
- It will make it viable for the company to raise more capital in the future.
- The company may find it easier to secure financing from financial institutions/It will improve the company's image and result in an increased credit rating.
- Reassures shareholders that company's financials are trustworthy, reducing perceived risk.
- It may increase the share price of the company on the JSE.

4

4.2.1

**What action would Vintage Ltd have taken against the two directors who appeared in court? Provide TWO points.**

Any TWO valid points ✓✓ ✓✓

part marks for incomplete / partial / unclear responses

- They could have been suspended while investigations/court case are taking place.
- Directors' fees and/or directors' benefits may not have been paid out while court case is taking place.
- Dismissed or declared delinquent directors, if they are found guilty in court.
- They may have been required to pay back the bribes to the company, if found guilty.
- Vintage Ltd could claim back any directors' fees or benefits earned during the period that the offence occurred.

4

4.2.2

**Explain TWO consequences Josh, the external auditor, may face for his illegal conduct.**

Any TWO valid points ✓✓ ✓✓

part marks for incomplete / partial / unclear responses

- Disciplinary action by his employer/lose his licence from professional body, e.g. SAICA.
- Other auditing reports he signed off, may be investigated. He may lose creditability in his workplace.
- VC Auditors (employer) may sue him for loss of future income / other auditing contracts due to their damaged reputation.
- Vintage Ltd (client) could sue him in his personal capacity to repay the total bribe money he received/he may lose his personal possessions.
- If he is also charged for fraud, he may face jail time / not be able to practice as an auditor in future.

4

Do not accept:

Lose qualification; blacklisted; fired

TOTAL MARKS

15

TOTAL: 150