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NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2022

ACCOUNTING P1 MARKING GUIDELINE

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 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. Full marks for correct answer. If the answer is 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
- 8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
- 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'. NOTE: check operation must be +, -, x, ÷, or as per memo.
- 10. In calculations, do not award marks for workings if numerator and denominator are swapped this also applies to ratios.
- 11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such cases, do not award the method mark. Indicate by way of ⊠
- 12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
- 13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 11 pages.

ACCOUNTING P1 (MARKING GUIDELINE)

(EC/SEPTEMBER 2022)

QUESTION 1

1.1	1.1.1	D✓
	1.1.2	E√
	1.1.3	B√
	1.1.4	A✓



WORKINGS	ANSWER
Closing stock:	
82 x 7 000	
574 000 ✓ ✓ + 297 000 ✓	871 000 ☑ one part correct
Missing stock:	
(200 – 198)	
2 x 1 500	3 000 √ ☑

Calculate the correct net profit after tax for the year ended 30 June 1.2.2 2022. Indicate '+' for increase and '-' for decrease at each adjusted amount.

NO.	WORKINGS	ANSWER	2	
	rect net profit before tax	3 199 890	-	
(i)	Stock loss see 1.1 above	-3 000	\checkmark	
(ii)	Provision for bad debts-adjustment	-1 450	~ ~	
(iii)	Directors' fees 992 000 ÷ 64	5 500	√√	
	Rent income 7 600 ✓ + 8 360 ✓	+15 960	√*	
	Advertising 12 400 ÷ 2	-6 200	~ ~	
(iv)	Interest expense (2 431 400 - 374 400) one mark 2 246 000 √ - 2 057 000 √	-189 000	√*	
	ne tax 20 ✓ – 17 400 ✓	-930 220	✓	
Net p	rofit after tax operation	2 070 480	\checkmark	╟

*one part correct

1.2.3 STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2022

ASSETS			
NON-CURRENT ASSETS	4 536 570	\checkmark	
Fixed assets NCA – Fin A	4 336 570	V	
Financial assets	200 000		2
CURRENT ASSETS	5 558 810	$\mathbf{\overline{\mathbf{A}}}$	
see 1.1 above Inventories 2 757 000 ✓ + 871 000 ☑ – 3 000 ☑	3 625 000	∕*	
Trade and other receivables			
Advertising rent income 1 595 000√- 79 750√√+ 6 200⊡ + 15 960⊡ +17 400√	1 554 810	∕∕*	
Cash and cash equivalents 276 000 \checkmark + 100 000 \checkmark	376 000	∕∕*	
TOTAL ASSETS See TE & L	10 095 380	√*	16
	10 000 000		10
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY operation	6 273 780	\checkmark	
Ordinary share capital	3 948 000		
Retained income <u>see 1.2 NPAT</u> 1 100 300 ✓ + 2 070 480 ☑ - 275 000 ✓ + 570 000 ✓	2 325 780		6
NON-CURRENT LIABILITIES	2 061 100		, c
Mortgage loan 2 246 000 ✓ – 185 000 ✓	2 061 100	⊻*	3
CURRENT LIABILITIES	1 760 500	\checkmark	
Trade and other payables			
Directors' fees 1 264 000 ✓ + 15 500 ☑	1 279 500	∕∕*	
Current portion of loan	185 000		6
Shareholders for dividends	296 000	\checkmark	
TOTAL EQUITY AND LIABILITIES operation	10 095 380	V	33

*one part correct

TOTAL MARKS 60

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ACCOUNTING P1 (MARKING GUIDELINE)

(EC/SEPTEMBER 2022)

QUESTION 2

4

Calculate the following financial indicators on 28 February 2022: 2.1

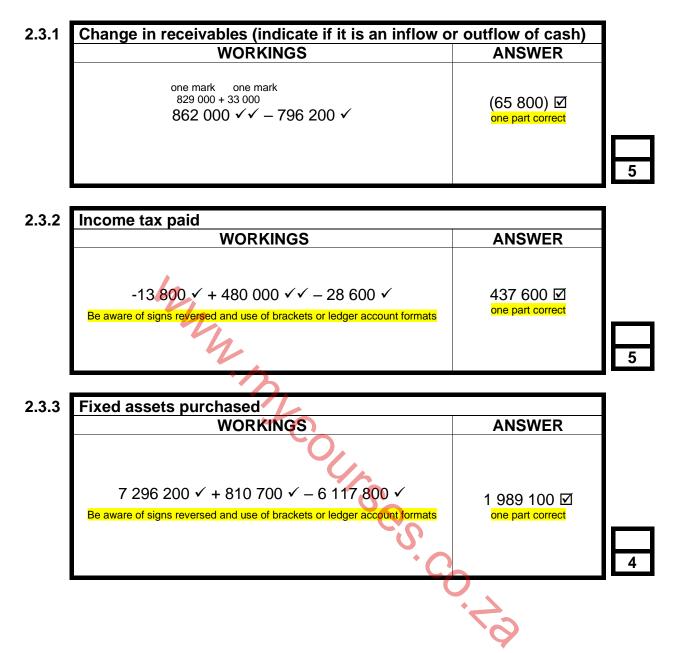
2.1.1	Acid-test ratio		
2.1.1	WORKINGS	ANSWER	
	1 536 500-671 000 OR 829 000+33 000+3 500 865 500 ✓✓ : 1 048 200 ✓	0,8 : 1 ⊠ one part correct	4
2.1.2	% Return on average capital employed		
	WORKINGS	ANSWER	
	1 726 000 ✓ x 100* ✓ 1/2(8 184 500 ✓ + 6 920 000 ✓) 15 104 500 two marks 7 552 250 three marks * 100 is not one part correct	22,8 ☑ accept 22,9 or 23 one part correct	5
2.1.3	Dividend per share (DPS)		
	WORKINGS	ANSWER	
	323 000 ÷ 1 700 000 19 √√ + 15 √	34c ⊠ one part correct	4
2.2	Ordinary Share Capital Note		

2.2 **Ordinary Share Capital Note**

1 700 000	Shares in issue on 1 March 2021	5 100 000		
400 000 ✓	Additional shares issued	1 620 000	✓	
(150 000)	Shares repurchased	(480 000)	V	
1 950 000	Balance on 28 February 2022	6 240 000		3

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2.3 Calculate the following:



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ACCOUNTING P1 (MARKING GUIDELINE)

(EC/SEPTEMBER 2022)

2.4 Complete the following sections of the Cash Flow Statement.

2.4.1 CASH EFFECTS OF FINANCING ACTIVITIES operation 760 000 \mathbf{N} 1 620 000 Proceeds from shares issued v Funds used to repurchase shares see 2.2 above 150 000 x 20c **V*** $(510\ 000)$ 150 000 x R3,40 ✓ ✓ or 480 000 + 30 000 one mark one mark \checkmark Change in loan 1 400 000 – 1 050 000 $(350\ 000)$ *one part correct

2.4.2NET CHANGE IN CASH AND CASH EQUIVALENTS $(84\ 100)$ \checkmark Cash (opening balance)61 200Cash (closing balance)3 500 - 26 400 $(22\ 900)$ \checkmark 3

TOTAL MARKS 40

3.1 **Profitability**:

Identify the company with the better profitability financial indicators. Quote TWO financial indicators.

Dally Ltd ✓ If wrong company identified, allocate mark for indicator only

% Operating expenses on sales - 31% ✓
 % Operating profit on sales - 25% ✓

3

3.2 Liquidity:

3.2.1 Explain which company's liquidity position will make shareholders happy. Quote TWO financial indicators in your explanation.

TWO financial indicators (explaining trend) from Dally Ltd with figures $\checkmark \checkmark \checkmark \checkmark$ If figures are shown for Nana, award marks to names of indicators (max. 2 marks)

- Acid-test ratio improved from 0,6 : 1 to 1 : 1 / by 0,4 : 1
- Debtors' collection period improved from 46 to 28 days / by 18 days

Explanation VV part marks for incomplete / partial / unclear responses

- Able to pay short-term debts without selling inventory
- Debtors settle their accounts within 30 days

3.2.2 Explain TWO points on how the other company can improve their liquidity position. Make reference to a specific financial indicator.

Any two valid responses $\checkmark \checkmark \checkmark \checkmark$ part marks for incomplete / partial / unclear responses

- Reminders (SMS's, e-mails, calls etc.) send to debtors to make payments.
- Offered discount for early payment.
- Charge interest for late payments / overdue accounts

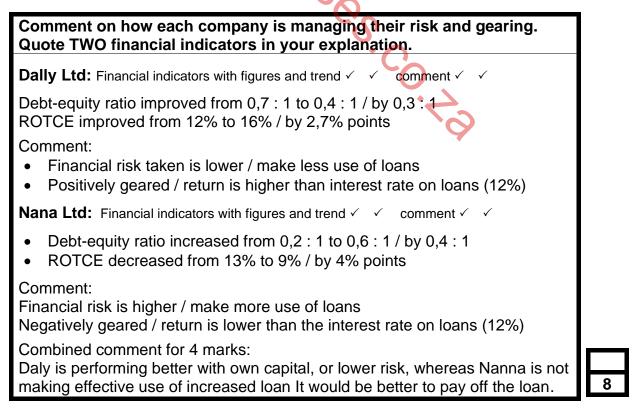
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(EC/SEPTEMBER 2022)

	Comment ✓ ✓ (with figures)	Explanation $\checkmark \checkmark \checkmark \checkmark$ part marks for incomplete / partial / unclear responses
Dally Ltd	Paid out 20% of earnings as dividends in 2022 compared to 60% in 2021 OR Retained 80% of earnings in 2022 compared to 40% in 2022.	This company retained more profit to focus on growth / sustainability in the future.
Nana Ltd	Paid out 80% of earnings as dividends in 2022 compared to 25% in 2021 OR Retained 20% of earnings in 2022 compared to 75% in 2022	The company is trying to keep shareholders happy. OR Director's wants to compensate for pay-out rate in 2021.

3.4 Risk and Gearing:



3.5 Percentage shareholding and share price:

3.5.1 Comment on the price paid for the repurchase of shares by Dally Ltd. Provide TWO points. Quote figures.

Figures may be included in the explanation. Any TWO valid points $\sqrt{4}$, at least one of which must be related to a financial indicator with figures: part marks for incomplete, partial or unclear answers

Fair price paid to the shareholder

- The price is fair as the market price shows an increasing trend from R13,90 to R14,20.
- The price is fair as the net asset value shows an increasing trend from R11,20 to R12,60.

OR

Unfair to the company / existing shareholders – depleting the company's financial resources / poor management of cash

- The price is unfair as it is higher than the market price of R14,20/R13,90.
- The price is unfair as it is higher than the net asset value of R12,60/R11,20.
- 3.5.2 Explain the effect of the share repurchase on the % shareholding of the Bravo family in EACH company. Provide a calculation to support your explanation.

Explanation on % shareholding ✓ Comparison in Dally Ltd with figures ✓ Explanation on % shareholding ✓ Comparison in Nana Ltd with figures ✓ Be aware of combined explanation with figures

Dally Ltd:

The Bravo family is still the majority shareholder although the % dropped from 58% to 51% / by 7% points.

Nana Ltd:

The Bravo family was the majority shareholder with at 52% which dropped to 48,3% / by 3,7% points. They lost the status of majority shareholder.

TOTAL MARKS 35

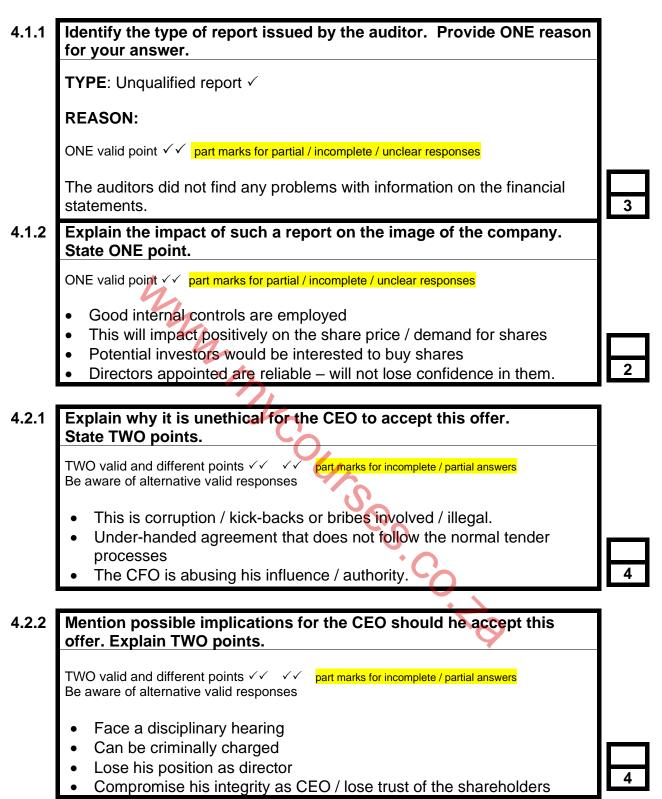
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ACCOUNTING P1 (MARKING GUIDELINE)

(EC/SEPTEMBER 2022)

QUESTION 4



4.2.3 Suggest TWO ways that corporate social responsibility can be achieved through good corporate governance.

TWO valid and different points \checkmark \checkmark

Be aware of alternative valid responses

- Transparent decision-making
- Regular meetings with key role players
- Timeous reporting accountability
- Implementing good internal control measures checks and balances
- Assigning responsibility and respecting decisions of managers
- · Constant supervision and development of employees
- · Looking after the interest of clients / customers
- Engaging in community functions and service delivery initiatives.

2

Total Marks 15 Downloaded from My Courses: www.mycourses.co.za Total Marks: 150