



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P1

MARCH

2026

MARKS: 100

TIME: 1½ HOUR

This question paper consists of 9 pages including a formula sheet and an Answer Book of 7 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information and table below as a guide when answering the question paper. Try NOT to deviate from it.



QUESTION	TOPIC	MARKS	MINUTES
1	Financial Statements	47	45
2	Notes and Cash Flow Statement	35	30
3	Interpretation of Financial Statements	18	15
TOTAL		100	90

QUESTION 1:

(47 Marks; 45 Minutes)

FINANCIAL STATEMENTS

The information relates to Zululand LTD for the financial year ended 28 February 2026.

REQUIRED:

- 1.1 Complete the Statement of Comprehensive income for the year ended 28 February 2026. (17)
- 1.2 Complete the Statement of Financial Position as at 28 February 2026. (30)

Note: some amounts for 1.1 and 1.2 are provided in the ANSWER BOOK.

INFORMATION:

A. List of balances, before taking into account all adjustments below:

	2026 R	2025 R
Ordinary share capital (7 500 000 shares)	9 000 000	?
Retained Income		1 035 000
Mortgage loan: Sethu Bank	2 620 000	3 100 000
Fixed deposit	150 000	85 000
Trading stock	622 000	510 000
Consumable goods on hand (stationery)	4 000	3 000
Provision for bad debts	?	3 775
Fixed assets	?	
SARS : Income tax (provisional tax payment)	441 000	
Trade debtors	249 800	
Bank Dr	545 000	
Cash float	21 000	
Creditors control	320 000	
Accrued income	3 975	
Income received in advance	2 500	
Shareholders for dividends	750 000	
Sales	10 600 000	
Cost of sales	?	
Rent Income	170 000	
Bad debts recovered	8 000	
Salaries and wages	910 000	
Directors fees	1 095 000	
Audit fees	24 500	
Stationery	12 000	
Insurance	10 000	
Depreciation	22 000	
Interest income	?	
Interest on loan	?	

B. Adjustments and additional information which needs to be taken into account:

- (a) The business uses a mark-up of 60% on cost. Special customers were granted trade discount amounting to R400 000.
- (b) Audit fees still outstanding at the end of the financial year R9 500.
- (c) Provision for bad debts must be adjusted to R1 775.
- (d) There are TWO directors in the company, each director earn the same directors fees.

One director requested the company to donate R30 000 from her directors fees to Sivukile High School, this was offset into her directors fees and payment has been recorded.

Second director requested one month in advance, the finance committee agreed, the advance was paid to him.

- (e) A debtor, Sugar Malinga, has a credit balance of R5 000 in the debtor's ledger. It must be transferred to her account in the creditors ledger.
- (f) The repayment on the loan are fixed at R40 000 per month (including capitalised interest).

The following balances were reflected on the loan statement.

1 March 2025	R3 100 000
28 February 2026	R2 850 000

A fixed monthly installment of R40 000 has to be paid over the full period of the loan. Interest for the next financial year will decline by 5% from the 2025 interest on loan.

- (g) After taking into account the above adjustments and additional information, it was determined that an additional R90 000 is still owed to SARS in respect of income tax for the year ended 28 February 2026.
- (h) Net asset value (NAV) on 28 February 2026 is 150 cents per share.

QUESTION 2**(35 marks; 30 minutes)****SHARE CAPITAL, CASH FLOW STATEMENT AND FINANCIAL INDICATORS**

The information relates to Ndaba LTD for the financial year ended 28 February 2026.

REQUIRED:

- 2.1 Prepare the Ordinary Share capital Note on 28 February 2026: (8)
- 2.2 Prepare the Retained income Note on 28 February 2026 (7)
- 2.3 Complete the Cash Flow Statement for the year ended 28 February 2026.
Certain figures are provided in the ANSWER BOOK. (20)



INFORMATION:

A. Extract from the Statement of Comprehensive Income for the year ended 28 February 2026

	R
Depreciation	81 000
Interest expense	230 000
Net profit before tax	4 000 000
Net profit after tax	2 800 000

B. Extract from the Statement of Financial Position on February:

	2026	2025
	R	R
Fixed/Tangible assets at carrying value	7 020 000	6 000 000
Fixed deposit : Smith Bank	400 000	450 000
Cash and cash equivalent	627 000	6 000
Ordinary shareholders' equity	9 485 000	?
Ordinary share capital	5 000 000	?
Retained Income	4 485 000	?
Loan	?	8 000 000
Bank overdraft	0	28 000
SARS (Income tax)	Dr 800 000	Dr 1 500 000
Shareholders for dividends	?	580 000
Current-portion of loan	440 000	?

C. Shares and dividends:

DATES	NUMBER OF SHARES	DETAILS OF SHARES
1 March 2025	2 000 000	Shares were in-issue
30 June 2025	500 000	Shares were repurchased at 90 cents above the average share price.
31 October 2025	800 000	Additional shares issued at R2.50

- Interim dividends of 45 cents per share were paid on 1 September 2025.
- A final dividend of 30 cents per share was declared to all shareholders on the share register on 28 February 2026.

D. Fixed assets:

- Land and building were sold at R1 200 000 cash during the financial year.
- New equipment was purchased during the financial year.

E. Loan:

- The current portion of loan will increased by 10%, due to the decline of the interest on loan for next financial year.

QUESTION 3

INTERPRETATION OF FINANCIAL STATEMENTS

(18 marks; 15 minutes)

3.1 BINGOMA LTD

You are provided with information relating to Bingoma Ltd for the financial year ended 28 February 2026.

Where financial indicators are required to support your answer, name the financial indicator, the actual figure/ratio/percentage and trends.

REQUIRED:

3.1.1 Profitability:

Quote and explain TWO financial indicators which proves that directors managed to control expenses more efficiently and the company is more profitable. (4)

3.1.2 Dividends, earnings and returns:

- Explain how the change in the dividend pay-out rate in 2026 will benefit the company. (3)
- Comment on the dividend per share over the two years. Quote figures. (2)
- Comment on the % return on shareholders' equity of the company. (3)

3.1.3 Risk and gearing:

- Comment on how the increase in the loan affected the risk and gearing in 2026. Quote TWO financial indicators. State ONE point in each case (with figures). (6)

INFORMATION:

A. Financial indicators calculated on 28 February:

	2026	2025
% Operating profit on sales	23.4%	20.7%
% Operating expenses on sales	13.4%	17%
% Net profit on sales	14.6%	18%
Solvency ratio	2.5 : 1	1.8 : 1
Debt-equity ratio	0.4 : 1	0.2 : 1
Earnings per share	68 cents	78 cents
Dividends per share	40 cents	56 cents
Dividend pay-out rate	59%	72%
% return on average shareholders' equity	12.4%	10.1%
% return on average capital employed	17.1%	14.2%
Net asset value per share	420 cents	510 cents

B. Additional information on 28 February:

	2026	2025
Market price of shares on stock exchange	320 cents	490 cents
Interest rate on loans	13%	13%
Interest rate on fixed deposit	9.5%	8.5%

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average Shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE	
<ul style="list-style-type: none"> In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice. 	



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EDUCATION
REPUBLIC OF SOUTH AFRICA

ACCOUNTING
ANSWER BOOK
MARCH
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2026

PROVINCIAL
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STANDARDISED ASSESSMENT

GRADE 12

Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE DISTRICT	MOD BY THE PROVINCE
1					
2					
3					
TOTAL					

N.B. This answer book consists of 7 pages

QUESTION 1

1.1 Statement of Comprehensive Income for the year ended on 28 February 2026

Sales	10 600 000
Cost of sales (10 600 000)	
Gross profit	
Other operating income	
Rent income	170 000
Bad debts recovered	8 000
Gross operating income	
Operating expenses	
Salaries and wages	910 000
Stationery	10 000
Insurance	11 000
Depreciation	23 000
Audit fees (24 500)	
Directors fees (1 095 000)	
Operating profit	
Operating profit before interest expense	2 000 000
Net profit after taxation	

1.2 Statement of Financial Position as at 28 February 2026.

Assets		
Non-current assets		
Tangible assets		
Fixed deposit		150 000
Current assets		
Total assets		
Equity and liabilities		
Shareholders' equity		
Ordinary share capital		9 000 000
Retained income		
Non-current liabilities		
Current liabilities		
Total equity and liabilities		

30

TOTAL MARKS

47

QUESTION 2**2.1 Ordinary Share Capital Note on 28 February 2026**

AUTHORISED SHARES: 5 000 000 SHARES		
ISSUED SHARES:		

8

2.2 Retained income Note on 28 February 2026.

7

2.3 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities	
Cash generated from operations	
Interest paid	(230 000)
Cash flow from investing activities	
Proceeds from sale of fixed assets	1 200 000
Changes in financial assets	50 000
Cash flow from financing activities	
Cash and cash equivalent at the end	

20

TOTAL MARKS

35

QUESTION 3

- 3.1.1 Quote and explain TWO financial indicators which proves that directors managed to control expenses more efficiently and the company is more profitable.

4

- 3.1.2 Explain how the change in the dividend pay-out rate in 2026 will benefit the company.



3

Comment on the dividend per share over the two years. Quote figures.

2

Comment on the % return on shareholders' equity of the company.

3

3.1.3 Comment on how the increase in the loan affected the risk and gearing in 2026. Quote TWO financial indicators. State ONE point in each case (with figures).



6

TOTAL MARKS
18

TOTAL MARKS: 100



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GRADE 12

ACCOUNTING P1

MARKING GUIDELINES

MARCH

2026

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.

QUESTION 1

1.1 Statement of Comprehensive Income for the year ended on 28 February 2026		
Sales		10 600 000
Cost of sales (10 600 000 + 400 000 ✓) 100/160	one part correct	(6 875 000) ✓ <input checked="" type="checkbox"/>
Gross profit		3 725 000
Other operating income		180 000 ✓
Rent income		170 000
Bad debts recovered		8 000
Provision for bad debts adjustment (3 775 – 1 775)		2 000 ✓
Gross operating profit		3 905 000
Operating expenses	operation one part correct	(2 068 000) <input checked="" type="checkbox"/>
Salaries and wages		910 000
Stationery		11 000
Insurance		12 000
Depreciation		21 000
Audit fees (24 500 + 9 500 ✓)		34 000 ✓
Directors fees (1 095 000 + 30 000 ✓ – 45 000 ✓)	one part correct	1 080 000 <input checked="" type="checkbox"/>
Operating profit		1 837 000
Interest income	balancing figure	163 000 <input checked="" type="checkbox"/>
Operating profit before interest expenses		2 000 000
Interest expenses		(230 000) ✓
Net profit before taxation		1 770 000 ✓
Taxation (441 000 ✓ + 90 000 ✓)		(531 000) ✓
Net profit after tax		1 239 000 ✓

18

Foreign entry -1 max -2

1.2 Statement of Financial Position on 28 February 2026.

Assets		
Non-current assets		13 783 000 ✓
Tangible assets		13 633 000 ✓
Fixed deposit		150 000
Current assets	Operation	1 494 000 ✓
Inventory (622 000 + 4 000 ✓)		626 000 ✓
Trade and other receivables (249 800✓ + 5 000 ✓ - 1 775✓ + 45 000✓ + 3 975✓)		302 000 ✓
Cash and cash equivalent (545 000 + 21 000)	two or nothing	566 000 ✓✓
Total assets	Operation	15 277 000 ✓
Equity and liabilities		
Shareholders' equity	(7 500 000 x 150) 100	11 250 000 ✓
Ordinary share capital		9 000 000
Retained income		2 250 000 ✓
Non-current liabilities		2 588 500
Loan (2 850 000✓ - 261 500✓)	operation one part correct	2 588 500 ✓
Current liabilities		1 438 500 ✓
Trade and other payables (320 000✓ + 9 500✓ + 2 500✓ + 5 000✓)	operation	337 000 ✓
SARS-Income tax		90 000 ✓
Shareholders for dividends		750 000 ✓
Current portion of loan	see NCL	261 500 ✓
Total equity and liabilities	operation	15 277 000 ✓

29

TOTAL MARKS
47

QUESTION 2

2.1 Ordinary Share Capital Note on 28 February 2026

AUTHORISED SHARES:		
5 000 000 SHARES		
ISSUED SHARES:		
2 000 000 ✓	Shares in issue operation	4 000 000 ✓
(500 000) ✓	Buy back of shares @ R2 operation	(1 000 000) ✓
800 000 ✓	Shares issued @ R2.50	2 000 000 ✓
2 300 000 ✓	Operation	5 000 000 ✓

8

2.2 Retained income Note on 28 February 2026.

Balance at the beginning	operation one part correct	3 500 000 ✓
Net profit after tax		2 800 000 ✓
Buy back of shares (500 000 x 0.90)		(450 000) ✓
Dividends	operation one part correct	(1 365 000) ✓
Paid (1 500 000 x 0.45)		675 000 ✓
Final (2 300 000 X 0.30)		690 000 ✓
Balance at the end		4 485 000 ✓

7

2.3 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities	
Cash generated from operations	
Interest paid	(230 000)
Dividends paid (675 000 ✓ + 580 000 ✓) operation one part correct <small>(580 000 one mark + 1 365 000 one mark – 690 000 one mark)</small>	(1 255 000) ✓ ✓
Taxation paid (1 200 000 ✓ – 1 500 000 ✓ + 800 000 ✓) operation one part correct <small>(800 000 one mark + 1 500 000 one mark – 1 200 000 one mark)</small>	(500 000) ✓
Cash flow from investing activities	
Purchases of Fixed assets operation one part correct (7 020 000 ✓ + 81 000 ✓ + 1 200 000 ✓ – 6 000 000 ✓) OR <small>(6 000 000 – 81 000 – 1 200 000 – 7 020 000)</small> <small>one mark one mark one mark one mark</small>	(2 301 000) ✓
Proceeds from sale of fixed assets	1 200 000
Changes in financial assets	50 000
Cash flow from financing activities	
Proceeds from shares issued see 2.1	2 000 000 ✓
Buy-back of shares (500 000 x 2.90) OR (1 000 000 + 450 000) see 2.1 and 2.2	(1 450 000) ✓
Changes in loan	(400 000) ✓
Net change in cash and cash equivalent operation one part correct	649 000 ✓
Cash and cash equivalent at the beginning (28 000 – 6 000)	(22 000) ✓ ✓
Cash and cash equivalent at the end	627 000 ✓

20

TOTAL MARKS
35

QUESTION 3

3.1.1 Quote and explain TWO financial indicators which proves that directors managed to control expenses more efficiently and the company is more profitable.

Financial indicator ✓ ✓ and trend ✓ ✓

Operating expenses on sales decreased from 17% to 13.4% by 3.6 basis point/21.2%

% Operating profit on sales increased from 20.7% to 23.4% by 2.7basis point/ 13.%

Do not accept % net profit on sales since it decreased.

4

3.1.2 Explain how the change in the dividend pay-out rate in 2026 will benefit the company.

Financial indicator and trends ✓ ✓ and Explanation ✓

Dividend pay-out rate decreased from 72% to 59 % by 13 basis point/ 18.1%

Explanation any relevant answer

The business show future plans to improve profitability. The business retained 41% for future development

3

Comment on the dividend per share over the two years. Quote figures.

Comments for TWO marks

Dividend per share decreased by 28.6%
Dividend decreased from 56 cents to 40 cents by 16 cents

ONE MARK

Dividend decreased from 56 cents to 40 cents.

2

Comment on the % return on shareholders' equity of the company.

A Financial indicator with a figure and a trend ✓ ✓ compared to interest on alternative investment ✓

ROSHE increased from 10.1% to 12.4% by 2.3 basis point/22.7%

ROSHE of 12.4% is above the interest on fixed deposit of 9.5% by 2.9%, shareholders are receiving a better returns than alternative investment.

3

3.1.3 Comment on how the increase in the loan affected the risk and gearing in 2026. Quote TWO financial indicators. State ONE point in each case (with figures).

Financial indicator , figure, trends ✓✓ and Explanation ✓

Debt-equity ratio increased from 0.2 : 1 to 0.4 : 1 by 0.2 (100%) this indicate a low risk

A Financial indicator with a figure and a trend ✓✓ compared to interest on loan and Explanation ✓

ROTCE increased from 14.2% to 17.1 % by 2.9 basis point/20.4%. ROTCE of 17.1% is above the interest on loan of 13% by 4.1%. This indicate a positive gearing.

Max -1 for superfluous additional financial indicators mentioned.

6

TOTAL MARKS
18

TOTAL MARKS: 100