



GAUTENG PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

**JUNE EXAMINATION
GRADE 12**

2026

ACCOUNTING

(PAPER 1)

ACCOUNTING P1

TIME: 2 hours



MARKS: 150

C2711E

X05



10 pages + a formula sheet and a 9-page answer book

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 questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Figures are NOT required in grey shaded areas.
9. Write neatly and legibly.
10. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Company Financial Statements	50	40
2	Cash Flow Statement and Financial Indicators	46	37
3	Interpretation of Financial Statements	34	27
4	Corporate Governance and Audit Report	20	16
TOTAL		150	120

QUESTION 1: COMPANY FINANCIAL STATEMENTS (50 marks; 40 minutes)**SEKWATI LIMITED**

The information relates to the financial year ended on 28 February 2026.

REQUIRED:

- 1.1 Prepare the Statement of Comprehensive Income for the financial year ended 28 February 2026. Stanmorephysics.com (34)
- 1.2 Prepare the EQUITY AND LIABILITIES section of the Statement of Financial Position as at 28 February 2026. Show workings in brackets. (16)

NOTE: Some amounts are provided in the ANSWER BOOK.

INFORMATION:**A. Balances and/or totals that appeared in the books on:**

	28 Feb. 2026 (R)	28 Feb. 2025 (R)
Equipment	270 000	?
Accumulated depreciation on equipment	?	162 000
Ordinary share capital	2 100 000	
Retained income	797 000	
Loan: Link Bank (10% p.a.)	423 200	?
Trading stock	189 450	
Provision for bad debts	?	5 820
SARS: Income tax (provisional tax)	277 785	
Creditors' control	234 500	
Accrued expense (Directors' fees)	160 000	
Bank overdraft	?	
Shareholders for dividends	211 600	235 200
Sales	?	4 800 000
Cost of sales	3 750 000	
Salaries and wages	202 706	
Commission income	420 000	
Audit fees	121 700	
Depreciation (on vehicles)	19 150	
Rent income	154 950	
Discount received	32 700	
Directors' fees	?	
Insurance	31 400	
Interest income	?	
Ordinary share dividends	187 000	

B. The following adjustments must still be taken into account:

- The business appointed two marketing officers on 1 March 2025 who will earn a commission of 7% on sales.
- The physical stock count on 28 February 2026 revealed stock on hand to be R160 050.
- The bank statement received from Link Bank on 28 February 2026 revealed the following:

Credit card levies of R550

EFT payment to creditor, R7 200 (This was 90% of the amount to settle the outstanding amount.)

- On 31 October 2025 new equipment with a cost price of R90 000 was purchased. This has been properly recorded. Depreciation on equipment is calculated at 15% p.a. on the cost-price method. Stanmorephysics.com
- An additional insurance policy was taken out on 1 November 2025 to cover new equipment purchased. The premiums of the new policy were paid until 31 March 2026, R8 250. The bookkeeper has recorded all the payments to date.
- Rent has been fixed for the past two years. On 1 June 2025, a deposit of R4 950 was received upon the occupation of a second office at the same rate. Rent for March and April 2026 has been received for both offices.

NOTE: The deposit is included in the rent income.

- The company had one director at the beginning of the year. He was paid until 31 December 2025. A new director who was appointed on 1 November 2025 was paid his total directors' fees of R260 000.

NOTE: The two directors do not earn the same monthly directors' fees.

C. The provision for bad debts must be increased by R860.**D. Loan: Link Bank**

- Capitalised interest amounts to R5 400 per month. Interest has not yet been recorded.
- The capital repayment on the loan for the financial year amounted to R104 400. This will remain the same until the loan is fully repaid.

E. After the final taxation for the year was calculated, there was a refund of R36 600 due to the company from SARS.**F. The dividend pay-out rate for the year ended 28 February 2026 was 40% after all transactions were correctly recorded.****G. After the above have been taken into account, the current assets amounted to R1 305 000. The current ratio was calculated as 1,6 : 1.**

QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS**(46 marks; 37 minutes)**

You are provided with information related to Big Show Limited, a public company, for the financial year ended 31 March 2026.

REQUIRED:

- 2.1 Prepare the Retained Income Note on 31 March 2026. (10)
- 2.2 Calculate the following amounts for the Cash Flow Statement:
- 2.2.1 Taxation paid (4)
- 2.2.2 Operating profit before changes in working capital (5)
- 2.3 Complete the following sections of the Cash Flow Statement:
- 2.3.1 Investing activities (9)
- 2.3.2 Financing activities (4)
- 2.4 Calculate the following financial indicators for the year ended 31 March 2026:
- 2.4.1 % operating profit on sales (2)
- 2.4.2 Acid-test ratio (4)
- 2.4.3 Solvency ratio (4)
- 2.5 The directors decided to make a large repayment on the mortgage bond. Mention TWO sources of funding for this repayment. Quote figures. (4)

INFORMATION:**A. Shares and dividends:**

DATE	SHARES AND DIVIDENDS
• 1 April 2025	1 600 000 shares were in issue.
• 30 June 2025	12% of the ordinary shares in issue were repurchased from a disgruntled shareholder. Total amount spent, R1 584 000.
• 30 September 2025	Interim dividends paid, R563 200.
• 31 March 2026	Final dividends were declared to all shareholders in the share register.

B. Extract from the Statement of Comprehensive Income for the year ended 31 March 2026:

	R
Sales	8 100 000
Cost of sales	5 000 000
Depreciation	85 000
Operating profit	2 824 000
Interest on fixed deposit	78 000
Interest on loan	102 000
Income tax	840 000
Net profit after tax	1 960 000

C. Extract from the Statement of Financial Position on 31 March:

(i)

	2026	2025
Ordinary share capital		12 640 000
Retained income	2 809 800	1 691 400
Current assets	3 400 000	5 522 400
Current liabilities	1 188 950	
Fixed deposit: Ezzy Equity	0	?
Fixed assets at carrying value	12 946 950	12 116 950
Total liabilities	2 413 950	4 282 950
Mortgage bond	1 225 000	2 300 000

(ii)

	2026	2025
Inventories	1 100 000	1 400 000
Trade and other receivables	1 750 000	2 282 400
Trade and other payables	1 188 950	1 912 950
SARS (Income tax)	50 000 Dr	70 000 Cr
Bank		

D. Financial indicators

	2026	2025
Earnings per share	80 cents	61 cents
Dividends per share	55 cents	67 cents

E. Fixed assets

The building was sold at carrying value during the financial year, R995 000.
Equipment was purchased during the financial year.

F. Financial assets

Fixed deposit matured on 31 March 2026. Interest rate on fixed deposit is 8% p.a.
The company had only one fixed deposit.

QUESTION 3: INTERPRETATION OF FINANCIAL STATEMENTS**(34 marks; 27 minutes)**

- 3.1 Choose the appropriate term from the list provided below that describes the following phrases. Write only the term next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

Return on shareholders' equity; liquidity; solvency; Return on capital employed; profitability; net asset value
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3.1.1 It indicates whether long-term loans benefit the company.

3.1.2 The business's ability to pay off short-term debts in the next financial year

3.1.3 The benefits that shareholders receive from the money invested in a company

(3 x 1) (3)**3.2 COCOMEL LTD**

You are provided with information relating to Cocomel Ltd, a public company, for the financial year ended 30 April 2026.

REQUIRED:

NOTE: Provide figures, trends, financial indicators or calculations in EACH case to support your comments and explanations.

3.2.1 Profitability:

Quote and explain TWO financial indicators to show that the company is NOT managing its expenses efficiently. **(4)**

3.2.2 Liquidity:

Some shareholders are satisfied with the control of working capital of the company. Quote THREE financial indicators, with figures, to support this. **(6)**

3.2.3 Dividends, Returns and Earnings:

- Comment on the dividend pay-out policy. Provide ONE point with figures. **(3)**

- A shareholder wants to sell his shares to invest in a 5-year fixed deposit account at his bank. Explain whether this is a wise decision. **(3)**

3.2.4 Risk and gearing:

Provide advice to the board of directors on whether they should issue more shares or take an additional long-term loan to fund the company's operations. Quote TWO financial indicators with figures. **(6)**

3.2.5 Share capital and % shareholding: Refer to Information B and C.

The CEO, Judy Cranek, currently owns 46% of the shares issued after the repurchase of shares on 30 September 2025. The board of directors has decided to issue all the unissued shares in March 2026.

- Calculate the minimum number of shares that Judy must buy in March 2026 to gain control of the company. (5)
- Judy wants to purchase the additional shares at R8,50. Give TWO reasons why you would NOT support her. (4)

INFORMATION:

A. Financial indicators calculated on 30 April:

	2026	2025
% operating expenses on sales	22,8%	20,5%
% operating profit on sales	17,2%	19,8%
% mark-up	60%	60%
% net profit on sales	20,9%	20,8%
Current ratio	2,3 : 1	1,6 : 1
Debtors' collection period	35 days	30 days
Creditors' payment period	55 days	60 days
Stockholding period	60 days	102 days
Stock turnover rate	8 times	5 times
Earnings per share	158 cents	130 cents
Dividends per share	169 cents	90 cents
Dividend payout rate	107%	69%
Net asset value per share	1 050 cents	950 cents
Debt-equity ratio	2,5 : 1	0,8 : 1
% return on capital employed	10,2%	12,7%
% return on average shareholders' equity	20,9%	18%

B. Additional information on 30 April:

	2026	2025
Market price of shares on stock exchange	1 590 cents	1 340 cents
Interest on loan	13%	13%
Interest on alternative investment	11%	9%

C. Issue and repurchase of shares:

	NO. OF SHARES
Authorised shares	?
Number of shares in issue on 1 May 2025 (70% of authorised shares)	2 100 000
Number of shares repurchased on 30 September 2025	310 000
Number of shares in issue on 30 April 2026	?

QUESTION 4: CORPORATE GOVERNANCE AND AUDIT REPORT**(20 marks; 16 minutes)**

- 4.1 Choose a description from COLUMN B that matches the concept in COLUMN A. Write only the correct letter (A – D) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

COLUMN A	COLUMN B
4.1.1 Nominations committee	A Experts who provide guidance and recommendations to an organisation or governing body
4.1.2 Audit committee	B Responsible for identifying and recommending suitable candidates for the board of directors and key executive positions
4.1.3 Advisory committee	C They serve on the Board of Directors but do not work at the company D Oversees the company's financial reporting, internal controls, and external audit process

(3 x 1) (3)

4.2 CORPORATE GOVERNANCE

Read the extract below carefully and answer the questions that follow. Use your general knowledge of companies and corporate governance to support your answers, if necessary.

Jelle Logistics, a medium-sized company specialising in the shipping of containers and the storage of different movable assets, is experiencing issues with its fixed asset management system. There are no standardised procedures for recording fixed assets (purchased and hired), and staff are not consistently following established protocols. The company is considering issuing additional shares to raise funds to build an additional storage facility.

- 4.2.1 What document is used by a public company to offer new shares to the public? (1)
- 4.2.2 How can Jelle Logistics improve its fixed asset management system? Provide TWO points. (4)
- 4.2.3 What is the role of the board of directors in corporate governance? Provide TWO points. (4)

4.3 AUDIT REPORT

An extract of the audit report of Katty Limited is provided below.

REQUIRED:

- 4.3.1 Why does the Companies Act make it a requirement for public companies to be audited by an independent auditor? Provide TWO points. Stanmorephysics.com (4)
- 4.3.2 What is the significance of the reference to CA (SA)? (2)
- 4.3.3 What action would Dossy & Vuyi Associates have to perform to verify the donations and advertising figures in the financial statements? Provide ONE point. (2)

Basis for our opinion

A donation of R900 000 and advertising expenses of R288 000 could not be verified since the relevant documentation was missing.

Audit opinion

Because of the significance of this matter, we have not been able to obtain sufficient audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on the financial statements of Katty Limited.

Dossy & Vuyi Associates, CA (SA)

20

TOTAL: 150

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 & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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:

* 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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**JUNE EXAMINATION
GRADE 12**

2026

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ACCOUNTING

(PAPER 1)

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ANSWER BOOK

NAME AND SURNAME:	
NAME OF SCHOOL:	

QUESTION	TOTAL MARKS	MARKS OBTAINED	MODERATED MARKS
1	50		
2	46		
3	34		
4	20		
TOTAL	150		

9 pages

QUESTION 1

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

Sales	
Cost of sales	(3 750 000)
Gross profit	
Other income	
Gross operating income	
Operating expenses	
Salaries and wages	202 706
Audit fees	121 700
Depreciation (19 150)	
Operating profit	
Interest income	
Profit before interest expense	
Net profit before tax	
Net profit after tax	

1.2 Statement of Financial Position as at 28 February 2026

EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	2 897 000
Ordinary share capital	2 100 000
Retained income	797 000
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables (234 500)	
Bank (overdraft)	
TOTAL EQUITY AND LIABILITIES	

16

TOTAL MARKS

50

QUESTION 2

2.1 Retained Income Note on 31 March 2026

Balance at the beginning	1 691 400
Paid	563 200

10

2.2.1 Taxation paid

WORKINGS	ANSWER

4

2.2.2 Operation profit before changes in working capital

WORKINGS	ANSWER

5

2.3.1 Cash flow from investing activities

9

2.3.2

Cash flow from financing activities	
Proceeds from shares issued	0

4

2.4.1 % operating profit on sales

WORKINGS	ANSWER

2

2.4.2 Acid-test ratio

WORKINGS	ANSWER

4

2.4.3 Solvency ratio

WORKINGS	ANSWER

4

2.5

The directors decided to make a large repayment on the mortgage bond. Mention TWO sources of funding for this repayment. Quote figures.

Source of funding	Figures

4

TOTAL MARKS
46

QUESTION 3

3.1	3.1.1		
	3.1.2		
	3.1.3		

3

3.2.1 Quote and explain TWO financial indicators to show that the company is NOT managing its expenses efficiently.

4

3.2.2 Some shareholders are satisfied with the control of working capital of the company. Quote THREE financial indicators, with figures, to support this.

6

3.2.3 Comment on the dividend pay-out policy. Provide ONE point with figures.

A shareholder wants to sell his shares to invest in a 5-year fixed deposit account at his bank. Explain whether this is a wise decision.

6

3.2.4 Provide advice to the board of directors on whether they should issue more shares or take an additional long-term loan to fund the company's operations. Quote TWO financial indicators with figures.

6

3.2.5 Calculate the minimum number of shares that Judy must buy in March 2026 to gain control of the company.

WORKINGS	ANSWER
<div style="text-align: center; opacity: 0.5; font-size: 2em;">Stanmorephysics.com</div>	

5

Judy wants to purchase the additional shares at R8,50. Give TWO reasons why you would NOT support her.

4

TOTAL MARKS
34

QUESTION 4

4.1

4.1.1

4.1.2

4.1.3

3

4.2 CORPORATE GOVERNANCE

4.2.1

What document is used by a public company to offer new shares to the public?

1

4.2.2

How can Jelle Logistics improve its fixed asset management system? Provide TWO points.

4

4.2.3

What is the role of the board of directors in corporate governance? Provide TWO points.

4

4.3 AUDIT REPORT

4.3.1

Why does the Companies Act make it a requirement for public companies to be audited by an independent auditor? Provide TWO points.

4

4.3.2 What is the significance of the reference to CA (SA)?

2

4.3.3 What action would Dossy & Vuyi Associates have to perform to verify the donation and advertising figures in the financial statements? Provide ONE point.

2

TOTAL MARKS
20

TOTAL: 150



GAUTENG PROVINCE

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REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION GRADE 12 2026

MARKING GUIDELINES

ACCOUNTING (PAPER 1)

10 pages

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 answers. If answer is 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 the 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 the benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max. -2 per Q).
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if the numerator & denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with an ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

QUESTION 1

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

Sales (420 000 x 100/7)		6 000 000
Cost of sales		(3 750 000)
Gross profit	Sales - COS	2 250 000
Other income	one part correct	579 500 ✓*
Commission income	Award mark if shown as income or expense. No mark if shown as income and expense.	420 000 ✓
Discount received (32 700 ✓ + 800 ✓ ✓)	one part correct	33 500 ✓*
Rent Income (150 000 two marks - 4 950 ✓ - 12 000 ✓ - 12 000 ✓)	24 000 two marks	126 000 ✓*
Gross operating income		2 829 500
Operating expenses		(1 646 615) ✓*
Salaries and wages		202 706
Audit fees		121 700
Depreciation (19 150 + 4 500 ✓ ✓ + 17 999 ✓ ✓)	One part correct	41 649 ✓*
Directors' fees (800 000 ✓ ✓ + 160 000 ✓ + 260 000 ✓)	960 000 three marks One part correct	1 220 000 ✓*
Trading stock deficit [189 450 - 160 050]		29 400 ✓ ✓
Bank charges		550 ✓
Provision for bad debts adjustment		860 ✓
Insurance (31 400 ✓ - 1 650 ✓ ✓)	one part correct	29 750 ✓*
Operating profit		1 182 885
Interest income	Balancing figure	119 600 ✓
Profit before interest expense	NPBT + IE	1 302 485
Interest expense [5 400 x 12]		(64 800) ✓
Net profit before tax	NPAT + IT	1 237 685
Income tax (277 785 ✓ - 36 600 ✓)	one part correct	(241 185) ✓*
Net profit after tax $\left(398\,600 \times \frac{100}{40} \right)$	[187 000 + 211 600] 4	996 500

*one part correct, must have an accuracy mark to award a method mark
-1 foreign items (max -2) i.e SFP items; -1 presentation (max -1).
Prov. for bad debt adjustment must be shown as an expense.

Note principle 10 when awarding method marks; Operation as per candidate's operation, unless otherwise specified

1.2 Statement of Financial Position as at 28 February 2026

EQUITY AND LIABILITIES		
ORDINARY SHAREHOLDERS' EQUITY		2 897 000
Ordinary share capital		2 100 000
Retained income		797 000
NON-CURRENT LIABILITIES		383 600
Loan: Link Bank (423 200 ✓ + 64 800 ✓ – 104 400 ✓)		
Two marks one mark OR (488 000 – 104 400)	4	383 600 <input checked="" type="checkbox"/> *
One mark Two marks OR (423 200 – 39 600)		
One mark [3 300 x 12] Two marks OR (423 200 - [8 700 – 5 400])		
CURRENT LIABILITIES (1 305 000/ 1,6)		815 625 ✓✓
Trade and other payable		415 450 <input checked="" type="checkbox"/> *
Dir Fees Pay Cred Disc rec Rent Inc Dep Rent (234 500 + 160 000 ✓ – 7 200 ✓ – 800 <input checked="" type="checkbox"/> + 24 000 <input checked="" type="checkbox"/> + 4 950 ✓ –8 000 Two marks		
Current portion of loan		104 400 ✓
Shareholders for dividends		211 600 ✓#
Bank (overdraft) <i>balancing figure (do not accept a -ve figure)</i>		84 175 <input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES	12	4 096 225 <input checked="" type="checkbox"/>

16

*one part correct
-1 foreign items (max -2); presentation -1 (max -1)
SFD may be included in T&OP

Note principle 10 when awarding method marks; Operation as per candidate's operation, unless otherwise specified

TOTAL MARKS	50
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QUESTION 2

2.1 Retained Income Note on 31 March 2026

Balance at the beginning	1 691 400	
Net profit after tax	1 960 000	✓
Buy- back of shares (192 000 ✓✓ X 0,35 ✓✓) or (192 000 ✓✓ x 7.90 ✓) (1 584 000 ✓ – 1 516 800 (three marks) = -67 200 ✓) mark one option	(67 200)	☑
Dividends (1 408 000 x 0,55) *one method mark if balancing figure	(774 400)	✓☑
Paid	563 200	
Final <i>Tot div – int div, do not accept a negative figure</i>	211 200	☑*
Balance at the end	2 809 800	✓

10

*One method mark if balancing figure and calculations not shown.
Can't award full marks out of 10 if one of figures incorrect.

2.2.1 Taxation paid

WORKINGS	ANSWER
-840 000 ✓ – 70 000 ✓ – 50 000 ✓ OR 840 000 + 70 000 + 50 000 <i>Accept T-account calculations / mark only one option</i>	(960 000) ☑ <i>Ignore brackets in final answer Operation One part correct</i>

4

2.2.2 Operation profit before changes in working capital

WORKINGS	ANSWER
1 960 000 + 840 000 2 800 000 ✓✓ + 85 000 ✓ + 102 000 ✓ OR	2 987 000 ☑ <i>Operation One part correct</i>
Profit before tax (1 960 000 + 840 000) 2 800 000 two marks	
Adjust for:	
Depreciation 85 000 one mark Interest expense 102 000 one mark	

5

2.3.1 Cash flow from investing activities

Cash flow from investing activities <i>Operation one part correct</i>	60 000	☑
Purchases of Fixed assets (12 946 950 ✓ + 85 000 ✓ + 995 000 ✓ – 12 116 950 ✓) or (-12 946 950 – 85 000 – 995 000 + 12 116 950) Mark only one option	(1 910 000)	☑ <i>one part correct</i>
Proceeds from sale of fixed assets	995 000	✓
Decrease in financial assets (78 000 x 100/8)	975 000	✓✓
Stanmorephysics.com		

9

2.3.2	Cash flow from financing activities Operation one part correct	(2 659 000) <input checked="" type="checkbox"/>	
	Proceeds from shares issued	0	
	Repurchase of shares	(1 584 000) ✓	
	Changes in loan (2 300 000 – 1 225 000)	(1 075 000) ✓✓	4

2.4.1 % operating profit on sales

WORKINGS	ANSWER
$\frac{2\,824\,000}{8\,100\,000} \times \frac{100}{1}$	35% ✓✓ also accept 34,86% and 34,9% one part correct x 100 is not one part correct % not needed

2

2.4.2 Acid-test ratio

WORKINGS	ANSWER
$3\,400\,000 \checkmark - 1\,100\,000 \checkmark : 1\,188\,950 \checkmark$ <p style="text-align: center;">2 300 000 Two marks</p>	1,9 : 1 <input checked="" type="checkbox"/> also accept 1,93 : 1

4

2.4.3 Solvency ratio

WORKINGS	ANSWER
$(12\,946\,950 \checkmark + 3\,400\,000 \checkmark) : 2\,413\,950 \checkmark$ <p style="text-align: center;">16 346 950 Two marks</p>	6,8 : 1 <input checked="" type="checkbox"/> Also accept 6,77: 1 one part correct

4

2.5 The directors decided to make a large repayment on the mortgage bond. Mention TWO sources of funding this repayment. Quote figures.

Source of funding	Figures
Fixed deposit matured ✓	975 000 <input checked="" type="checkbox"/> see 2.3.1
Disposed land and buildings ✓	995 000 ✓

Do not accept any other response

4

TOTAL MARKS

46

QUESTION 3

3.1	3.1.1	Return on total capital employed / accept ROTCE	✓
	3.1.2	Liquidity	✓
	3.1.3	Return on shareholders' equity / accept ROSHE	✓

3

3.2.1 Quote and explain TWO financial indicators to show that the company is NOT managing its expenses efficiently.

Financial indicator ✓ ✓ figure and trends ✓ ✓

- % operating expenses on sales increased from 20,5% to 22,8%/11,2%/by 2,3% points
- % operating profit on sales decreased from 19,8% to 17,2%/13,1%/by 2,6% points.

Do not accept mark-up % or % net profit on sales since it increased.

4

3.2.2 Some shareholders are satisfied with the control of working capital of the company. Quote THREE financial indicators, with figures, to support this.

Financial indicator ✓ ✓ ✓ figure and trends ✓ ✓ ✓

- Current ratio increased from 1,6 : 1 to 2,3 : 1
- Stockholding period decreased from 102 days to 60 days
- Stock turnover rate increased from 5 times to 8 times

Do not accept debtors' collection period or creditors' payment period.

6

3.2.3 Comment on the dividend pay-out policy. Provide ONE point with figures.

Financial indicator and figures ✓

- Dividend payout rate increased (from 69%) to 107%/by 38/(55%).

Explanation ✓ ✓

- Directors used retained income funds for increased pay-outs to keep shareholders happy / To keep shareholders happy (please them)
- No future plans/ no growth plans / depleting retained income of previous year / No retaining of income in the business / zero % retained.
- More dividends declared than profit, using retained income to declare dividend, EPS of 158 cent less than DPS of 169 cent(DPS more than EPS)

Accept other relevant explanations

A shareholder wants to sell his shares to invest in a 5-year fixed deposit account at his bank. Explain whether this is a wise decision.

Financial indicator and figures ✓

- ROSHE increased (from 18%) to 20,9%/by 2,9%/by 16% points.

Any one valid explanation ✓ ✓

- ROSHE of 20,9% is higher than interest on fixed deposit of 11%.
- Shareholders will not receive a better return on alternative investment; therefore, this is not a wise decision.

6

3.2.4 Provide advice to the board of directors on whether they should issue more shares or take an additional long-term loan to fund the company's operations. Quote TWO financial indicators with figures.

Financial indicator no 1 with figures and trend ✓
 Debt-equity ratio increased (from 0,8 : 1) to 2,5 : 1.
 Explanation ✓
 This indicates a high risk for the business. / To much borrowed capital.

Financial indicator no 2 with figures and trend ✓
 ROTCE decreased (from 12,7%) to 10,2% / 2,5%/by 19,7% points.
 ROTCE compared to interest rate on loan ✓
 ROTCE of 10,2% is below the interest on loan of 13%.
 Explanation ✓
 This indicates negative gearing.
 Advice ✓
 They should issue more shares.
 Max -1 for superfluous additional financial indicators mentioned.

6

3.2.5 Calculate the minimum number of shares that Judy must buy in March 2026 to gain control of the company.

WORKINGS	ANSWER
$\begin{array}{r} 3\,000\,000 - 310\,000 \\ [2\,690\,000 \times 51/100] \\ 1\,371\,900 \checkmark\checkmark \end{array}$	548 500 ☑ OR 521 601 one part correct
$\begin{array}{r} 2\,100\,000 - 310\,000 \\ [1\,790\,000 \times 46/100] \\ 823\,400 \checkmark\checkmark \end{array}$	
<p>OR</p> $(2\,690\,000 \times 50\%) + 1$ $1\,345\,001 - 823\,400$	
<p>Two marks two marks</p>	

5

Judy wants to purchase the additional shares at R8,50. Give TWO reasons why you would NOT support her.

Stanmorephysics.com

Compare purchase price of R8,50 with MP ✓ Reason ✓
 Compare purchase price of R8,50 with NAV ✓ Reason ✓

- She is offering R8,50 (850 cents) while the market value is R15,90 (1 590 cents). This is below the market price; the company would lose on possible equity.
- The price of R8,50 (850 cents) is below the net asset value (NAV) of R10,50 (1 050 cents). This would drop the value of existing shares.

4

TOTAL MARKS	34
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QUESTION 4

4.1

4.1.1	B	✓
4.1.2	D	✓
4.1.3	A	✓

3

4.2 CORPORATE GOVERNANCE

4.2.1

What document is used by a public company to offer new shares to the public?
<ul style="list-style-type: none"> Prospectus ✓

1

4.2.2

<p>How can Jelle Logistics improve its fixed asset management system? Provide TWO points.</p> <p>Any TWO valid points ✓✓ ✓✓ part marks for incomplete/partially correct answers</p> <ul style="list-style-type: none"> Use unique identifiers like barcodes, QR codes, or RFID tags for real-time location and status. Use automated check-in/check-out system to reduce errors and track usage efficiently/logbook Utilise a Fixed Asset Management (FAM) Software. Conduct regular audits and maintain records. Perform physical audits to match records with actual assets. Keep asset register / Keep detailed records of purchase dates, values, location, and depreciation Schedule regular inspections to extend asset life and prevent costly downtime / regular maintenance Use data to identify underperforming assets needing repair or replacement. Ensure all users understand the system and procedures for widespread adoption.

4

4.2.3

What is the role of the board of directors in corporate governance? Provide TWO points.

Any TWO valid points ✓✓ ✓✓

part marks for incomplete/partially correct answers

- The board sets the company's long-term goals and objectives, ensuring they align with the company's mission and values.
- They establish a framework for identifying, assessing, and managing risks that could impact the company.
- The board monitors the company's performance against its goals and objectives, holding management accountable for results.
- They ensure the company operates with integrity and adheres to ethical standards and legal requirements.
- The board ensures transparency in communication and discloses relevant information to shareholders and stakeholders.
- The board is responsible for hiring, firing, and evaluating the CEO and other top executives.
- They establish policies and procedures to guide the company's operations and ensure compliance with laws and regulations.
- The board oversees the allocation of company resources, including capital expenditures and investments.
- They represent the interests of shareholders and other stakeholders, including employees, customers, and the community.
- Setting Compensation: The board determines executive compensation and ensures it is aligned with performance and the company's overall success.
- They approve the company's budget and major financial decisions.
- The board ensures the accuracy and reliability of the company's financial reporting.
- They develop and implement succession plans for key leadership positions.
- The board establishes policies to address potential conflicts of interest among directors, officers, and employees.

4

4.3 AUDIT REPORT

4.3.1

Why does the Companies Act make it a requirement for public companies to be audited by an independent auditor? Provide TWO points.

Any TWO valid points ✓✓ ✓✓

part marks for incomplete/partially correct answers

- To protect the interests of shareholders and potential investors.
- To ensure that all public companies adhere to the same standards of financial reporting and accountability.
- To identify/reveal areas where internal controls can be strengthened and financial processes improved.
- It demonstrates that the company's financial information is reliable and trustworthy.

4

4.3.2

What is the significance of the reference to CA (SA)?

Any ONE valid point ✓✓ part marks for incomplete/partially correct answers

- This provides assurance to the readers that the audit has been properly done.
- To show that the audit has been done by professionals with CA qualifications.
- Assures employers worldwide of the professional's high standard of competence and expertise.

2

4.3.3

What action would Dossy & Vuyi have to perform to verify the donation and advertising figures in the financial statements? Provide ONE point.

Any ONE valid point ✓✓ part marks for incomplete/partially correct answers

- Examine the financial records of the business – external audit/Examine a sample of donations records (source documents) and any written correspondence/Review appraisals and documentations that supports the recorded fair market value (for large non-cash donations).
- Sample of major donors to confirm the amounts donated and any restrictions associated with the funds.
- Assess the internal control of the business.
- Assess the accounting principles used by the business.
- Confirm with external vendors or advertising agencies that the services were indeed provided and for the agreed-upon price.
- Minutes approved advertising/donations/ Authorization of transaction

2

TOTAL MARKS

20

TOTAL: 150