



education

Department of
Education
FREE STATE PROVINCE

GRADE 12

JUNE EXAMINATION

PAPER 1

ACCOUNTING

JUNE 2026

EXAMINER: Mr. K.B Mokoatsi

MARKS: 150
TIME: 2 hours

This question paper consists of 10 pages,
a formula sheet and a 10-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 to answer ALL questions.
3. Show ALL workings to earn 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. A financial Indicator Formula Sheet is attached at the end of this question paper. Stanmorephysics.com
8. Write neatly and legibly.
9. 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 | Retained Income- and Fixed Asset Notes, and Statement of Financial Position | 55 | 45 |
| 2 | Cash Flow Statements and financial indicators | 40 | 30 |
| 3 | Interpretation of Company Financial Information | 40 | 35 |
| 4 | Corporate governance | 15 | 10 |
| TOTAL | | 150 | 120 |

QUESTION 1: STATEMENT OF FINANCIAL POSITION AND NOTES

(55 marks; 45 minutes)

TSOAEDI LTD

Tsoaedi Ltd supplies and installs different types of generators at a fixed price. You are provided with information related to the financial year ending 31 May 2026.

REQUIRED:

1.1 Refer to Information B (i).

Calculate the value of the closing stock of generators. (5)

1.2 Refer to Information B (ii).

Calculate the missing figures denoted by **(a – c)** in the Fixed/Tangible Asset Note. (12)

1.3 Complete the Retained Income Note. (10)

1.4 Complete the Statement of Financial Position (Balance Sheet) on 31 May 2026. (28)

TAKE NOTE: Where notes are not required, workings must be shown to earn part marks.

INFORMATION:

A. Balances/Totals on 31 May 2026:

| | 2026 |
|-----------------------------------------|-------------|
| Ordinary share capital | 1 755 000 |
| Retained income | 1 045 000 |
| Loan: Tsime Bank | 609 840 |
| Fixed assets at carrying value | ? |
| Fixed deposit: TE Bank | 582 000 |
| Inventory | ? |
| Net trade debtors | 209 100 |
| Bank (favourable) | ? |
| Deposit: Water and electricity | 11 000 |
| SARS: Income tax (Provisional payments) | 359 000 |
| Trade creditors | 763 860 |
| Shareholders for dividends | 260 000 |
| Rent expense | 91 280 |
| Directors' fees | 1 824 000 |

B. ADDITIONAL INFORMATION

(i) The information related to the generators was as follows:

| | UNITS | UNIT PRICE | TOTAL R |
|----------------------------|-------|------------|-----------|
| Opening stock: 1 June 2025 | 78 | | |
| Purchases during the year | 631 | | |
| Closing stock: 31 May 2026 | ? | | ? |
| Units sold | 602 | 10 500 | 6 321 000 |

- Tsoaedi Ltd sells only one type of generators at a standard price of R10 500 per unit.
- A mark-up of 25% on cost is applied.
- The specific identification method is used to value the closing stock of generators. Stanmorephysics.com

(ii) **Note to the Statement of Financial Position on 31 May 2026:**

| FIXED/TANGIBLE ASSETS | EQUIPMENT | VEHICLES |
|-------------------------------------|---------------|----------------|
| Carrying value – 1 June 2025 | 50 000 | 519 200 |
| Cost price | 561 000 | 814 000 |
| Accumulated depreciation | (511 000) | (a) |
| Movements | | |
| Additions at cost price | 55 000 | 0 |
| Disposal at carrying value | 0 | (c) |
| Depreciation | (b) | (98 890) |
| Carrying value – 31 May 2026 | | |
| Cost price | 616 000 | 649 000 |
| Accumulated depreciation | | |

Land and Buildings:

- The company owns land and buildings.

Equipment:

- New equipment was purchased on 1 December 2025. This transaction has been correctly recorded.
- Depreciation is calculated at 10% p.a. on cost.

Vehicles:

- A vehicle was sold for cash on 28 February 2026. It was recorded correctly in the records of the business.
- The details of the disposal of the vehicle according to the Fixed Asset Register are as follows:

| | |
|--------------------------------------------|----------|
| Cost price | ? |
| Accumulated depreciation on 1 June 2025 | R66 000 |
| Depreciation on diminishing balance method | 20% p.a. |
| Profit on sale of vehicles | R3 350 |

NOTE: Depreciation on all vehicles was accurately calculated at R98 890 for the financial year.

(iii) A creditor's credit balance of R1 500 in the Creditors' Ledger must be transferred to his account in the Debtors' Ledger.

(iv) A storeroom was rented from 1 September 2025 at R11 200 per month. Rent increased by 7,5% per month on 1 March 2026. Provide for the outstanding rent.

(v) **Loan: Tsime Bank**

The loan statement from Tsime Bank on 31 May 2026 revealed the following:

| | |
|-----------------------------------------|----------|
| • Total repayments (including interest) | R225 400 |
| • Interest capitalised | R 83 160 |
| • Balance at the end (31 May 2026) | ? |

NOTE: 20% of the loan will be repaid during the next financial year.

(vi) The company has three directors who earn the same fee. One director was paid two months in advance.

(vii) **Share capital and dividends:**

Authorised share capital: 3 000 000 ordinary shares

| DATE | DETAILS |
|------------------|------------------------------------------------------------------------------------------------------------|
| 1 June 2025 | 1 500 000 shares were in issue. |
| 30 November 2025 | An interim dividend of 12 cents per share was declared and paid. |
| 1 February 2026 | Shares were repurchased at R1,50. The average share price was accurately calculated on this day, at R1,35. |
| 31 May 2026 | A final dividend was declared. |

NOTE: No additional shares were issued during the year.

(viii) **Income tax for 2026:**

Income tax for the financial year was accurately calculated at R309 000. Income tax is calculated at 30% of the net profit.

(ix) **Financial indicator:**

After taking into account all adjustments, the current ratio was correctly calculated as **1,2 : 1**.

QUESTION 2

(40 marks; 30 minutes)

You are provided with information relating to Fourie Limited. The financial year ended on 28 February 2026.

REQUIRED:

- 2.1 Complete the Reconciliation of Profit before Taxation and Cash Generated from Operations Note. Stanmorephysics.com (12)
- 2.2 Calculate missing figures labelled (A) to (F) in the Cash Flow Statement. (17)
- 2.3 Calculate the following financial indicators on 28 February 2026.
- 2.3.1 Net asset value per share (3)
- 2.3.2 Debt/ Equity ratio (3)
- 2.3.3 % return on average capital employed (5)

INFORMATION:

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

| | R |
|------------------|------------|
| Sales | 12 105 000 |
| Interest on loan | 252 000 |
| Depreciation | 453 000 |
| Income tax (30%) | 393 000 |

- B. Extract from the Statement of Financial Position for the two years on 28 February:

| | 2026 | 2025 |
|--------------------------------------------|------------------|------------------|
| | R | R |
| Non-current assets | 2 764 500 | 2 374 000 |
| Fixed assets | 2 631 200 | 2 274 000 |
| Fixed deposit | 133 300 | 100 000 |
| Current assets | 2 548 000 | 1 088 000 |
| Inventories | 254 000 | 272 000 |
| Trade and Other Receivables | 1 638 000 | 770 000 |
| Cash and cash equivalents | 656 000 | 46 000 |
| Total assets | 5 312 500 | 3 462 000 |
| Shareholders Equity and Liabilities | | |
| Shareholders' equity | 2 875 500 | 1 652 000 |
| Ordinary share capital | 2 191 700 | 1 378 500 |
| Retained income | 683 800 | 273 500 |
| Non-current liabilities | 1 800 000 | 1 000 000 |
| Loan: FMT Bank (18% p.a.) | 1 800 000 | 1 000 000 |
| Current liabilities | 637 000 | 810 000 |
| Trade and Other Payables | 637 000 | 810 000 |
| Total Equity and Liabilities | 5 312 500 | 3 462 000 |

C. **Ordinary share capital:**

| | 2026 |
|------------------------------------------------------|-------------|
| | R |
| 675 000 shares in issue at the beginning of the year | 1 378 500 |
| 375 000 new shares issued on 1 March 2025 | ? |
| 40 000 shares repurchased on 28 February 2026 | 86 800 |
| 1 010 000 shares in issue at the end of the year | 2 191 700 |

- On 28 February 2026, 40 000 shares were repurchased at 33 cents above the average price.

D. **Trade and Other Receivables:**

| | 2026 | 2025 |
|------------------|-------------|-------------|
| | R | R |
| Trade debtors | 1 592 000 | 770 000 |
| SARS: Income tax | 46 000 | 0 |

E. **Trade and Other Payables:**

| | 2026 | 2025 |
|----------------------------|-------------|-------------|
| | R | R |
| Trade creditors | 479 500 | 692 500 |
| SARS: Income tax | 0 | 95 000 |
| Shareholders for dividends | 157 500 | 22 500 |

F. **CASH FLOW STATEMENT**

| | |
|--------------------------------------------------------|----------|
| Cash effects from operating activities | |
| Cash generated from operations | |
| Interest paid | |
| Dividends paid | A |
| Taxation paid | B |
| Cash effects from investing activities | |
| Purchase of fixed assets | |
| Proceeds from the sale of fixed assets | |
| Change in investment | C |
| Cash effects from financing activities | |
| Proceeds from shares issued | D |
| Repurchase of shares | E |
| Change in loan | |
| | |
| Net change in cash and cash equivalents | F |
| Cash and cash equivalents at the beginning of the year | 46 000 |
| Cash and cash equivalents at the end of the year | 656 000 |

QUESTION 3

(40 marks; 35 minutes)

3.1. Match the term in Column A with the correct statement in Column B. Write down only the correct answer next to the number in your answer book. e.g. 3.1.4. D.

| COLUMN A | | COLUMN B | |
|----------|-----------------------------------|----------|-------------------------------------------------------------------------------------|
| 3.1.1 | Statement of Comprehensive Income | A. | An opinion expressed on the fair presentation of the figures in the financial year. |
| 3.1.2 | Independent Audit report | B. | The ability of a business to settle its current debts. |
| 3.1.3 | Liquidity | C. | The net profit or loss of the company for a financial year. |

(3x1=3)

LIBRA LIMITED

3.2 You are provided with information relating to Libra Limited for the financial year ended 31 May 2026.

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

REQUIRED

Operating efficiency:

3.2.1 One director is concerned about the operating efficiency of the business. Provide TWO financial indicators with reasons to justify his concerns. (4)

3.2.2 Liquidity:

As a shareholder, you are concerned about the liquidity of the company. Quote TWO financial indicators with figures to support the concern of the shareholder. (4)

3.2.3 Dividends:

Briefly explain why you as an existing shareholder would be satisfied with the dividend pay-out policy in 2026 compared to 2025. Provide a calculation to confirm your satisfaction. (4)

3.2.4 Risk and gearing:

The directors are considering taking out an additional loan of R130 000. Explain by quoting TWO financial indicators, with figures why this is a good idea. (4)

3.2.5 Share price:

Shares are being offered to the existing shareholders at 130 cents each. Would you consider buying additional shares in this company? Explain briefly by quoting TWO financial indicators/data with figures. (6)



3.2.6 Return on investment:

As a major shareholder, comment on whether you would be satisfied with the performance of the company for 2026? Quote THREE financial indicators with figures/data. (8)

3.2.7 % shareholding: Refer to information B and C.

- Calculate P Smit's percentage shareholding at the beginning of the year. (2)
- How has the issue and repurchase of shares influenced his percentage shareholding? Provide a calculation to support your answer. (3)
- How many shares must P Smit buy to become the majority shareholder? (2)

INFORMATION

A. Financial indicator and other relevant data

| | 31 May 2026 | 31 May 2025 |
|--------------------------------------------|--------------------|--------------------|
| % operating profit on sales | 23% | 25% |
| % operating expenses on sales | 22% | 19% |
| % net profit before tax on sales | 19% | 24% |
| Current ratio | 5,2 : 1 | 2,2 : 1 |
| Acid test ratio | 1,8 : 1 | 1,2 : 1 |
| Solvency ratio | 3,3 : 1 | 6,5 : 1 |
| Debt-equity ratio | 0,3 : 1 | 0,1 : 1 |
| % return on total capital employed (ROTCE) | 22% | 31% |
| % return on shareholders' equity (ROSHE) | 31% | 36% |
| Dividends per share | 24 cents | 18 cents |
| Earnings per share | 29 cents | 33 cents |
| Net asset value per share | 132 cents | 127 cents |
| Interest rate on loans | 11% | 10% |
| Market price per share | 140 cents | 150 cents |

B. Issue and repurchase of shares

| | |
|-----------------------------------------------|---------|
| Number of shares at the beginning of the year | 500 000 |
| Number of shares issued during the year | 80 000 |
| Number of shares repurchased | 50 000 |
| Number of shares at the end of the year | 530 000 |

- The directors issued additional shares at 130 cents each.
- Existing shareholders were allowed to purchase these shares.

C. Extract from the shareholders register

P Smit a shareholder in the company but not a director.

| | |
|------------------------------------------------|---------|
| Number of shares at the beginning of the year. | 180 000 |
| Additional shares purchased | 30 000 |
| Number of shares at the end of the year | 210 000 |

QUESTION 4: CORPORATE GOVERNANCE

(15 marks; 10 minutes)

- 4.1 Match the given scenario in column A with the most appropriate concept related to corporate governance in column B. Write only the letter (A–D) next to the question numbers (4.1.1 to 4.1.4) in the ANSWER BOOK. (4)

| COLUMN A: | | COLUMN B: | |
|-----------|--------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------|
| 4.1.1 | The CEO of Jardin Ltd granted a R5 million tender to his wife's company. | A | Corporate citizenship |
| 4.1.2 | Jardin Ltd was placed under temporary supervision. | B | Conflict of interest |
| 4.1.3 | Waterpaas Water Ltd donated thousands of litres of drinking water to the Klerksdorp municipality after a flood disaster. | C | Standards for directors' conduct |
| 4.1.4 | CEO of Jardin Ltd was caught for drunk driving on N12. | D | Business rescue |

(4 x 1)

4.2 BAZUKA LTD.

REQUIRED:

Read the scenario below and answer the questions that follow:

Several South African state-owned enterprises (SOEs), including Eskom, have recently been criticized for weak corporate governance. Reports have revealed issues such as lack of accountability, poor transparency, and ineffective oversight by boards of directors.

The government has emphasized the importance of applying the principles of the King IV Report on Corporate Governance, especially ethical leadership, accountability, and transparency to restore public trust.

INFORMATION

- 4.2.1 Explain the meaning of corporate governance. (2)
- 4.2.2 Name TWO corporate governance challenges from the given scenario. Stanmorephysics.com (2)
- 4.2.3 Give THREE principles of good corporate governance that could address the issues faced by SOE's. (3)
- 4.2.4 Name TWO roles of the board of directors in promoting good corporate governance. (2)
- 4.2.5 Recommend ONE practical way in which SOEs can improve transparency. (2)

15

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| $\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$ | $\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$ |
| $\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$ | $\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$ |
| $\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$ | $\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$ |
| 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 | |
| $\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below) | $\frac{\text{Cost of sales}}{\text{Average trading stock}}$ |
| $\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$ | $\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below) |
| $\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$ | $\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below) |
| $\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$ | |
| $\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$ | $\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$ |
| $\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$ | $\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$ |
| $\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$ | $\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$ |
| $\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$ | |
| <p>NOTE:</p> <ol style="list-style-type: none"> 1. Trading stock at the end of a financial year can be used if required in a question. 365 days is only applicable if relevant to the whole year. 2. Credit purchases July be used instead of cost of sales (figures will be the same if stock is constant). 3. 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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GRADE 12 - EXAMINATION ACCOUNTING P1 - JUNE 2026

SURNAME: _____

NAME: _____

SCHOOL: _____

| QUESTION | MARKS | MARKER | MODERATOR |
|--------------|------------|--------|-----------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| | | | |
| TOTAL | 150 | | |

This answer book consists of 10 pages.

QUESTION 1

1.1 **Calculate: Value of closing stock**

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 5 |

1.2 (a) **Calculate: Accumulated depreciation on vehicles**

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 2 |

(b) **Calculate: Depreciation on equipment for the year**

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 5 |

(c) **Calculate: Disposal at carrying value on vehicles**

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 5 |

1.3 **RETAINED INCOME NOTE ON 31 May 2026**

| | | |
|-----------------------------------------|------------------|--|
| Balance at beginning of the year | | |
| | | |
| | | |
| Ordinary share dividends | (440 000) | |
| | | |
| Balance at the end of the year | 1 045 000 | |

| |
|----|
| |
| 10 |

1.4 Statement of Financial Position on 31 May 2026

| | |
|--------------------------------------|------------------|
| ASSETS | |
| NON-CURRENT ASSETS | |
| Fixed assets | |
| Fixed deposit | 582 000 |
| CURRENT ASSETS | |
| | |
| | |
| | |
| TOTAL ASSETS | |
| EQUITY AND LIABILITIES | |
| ORDINARY SHAREHOLDERS' EQUITY | |
| | 2 800 000 |
| Ordinary share capital | 1 755 000 |
| Retained income | 1 045 000 |
| NON-CURRENT LIABILITIES | |
| Mortgage loan | |
| CURRENT LIABILITIES | |
| | |
| | |
| | |
| TOTAL EQUITY AND LIABILITIES | |

| |
|----|
| 28 |
|----|

| |
|--------------------|
| TOTAL MARKS |
| |
| 55 |

QUESTION 2

2.1 RECONCILIATION OF PROFIT BEFORE TAXATION AND CASH GENERATED FROM OPERATIONS NOTE.

| | | |
|-----------------------------------------------------------|--|----------------|
| Adjustments for: | | |
| Depreciation | | 453 000 |
| Interest expense | | 252 000 |
| Operating profit before changes in working capital | | |
| Changes in working capital | | |
| | | |
| | | |
| | | |
| Cash generated from operations | | |

| |
|-----------|
| |
| 12 |

2.2 CASH FLOW STATEMENT

| | | |
|---------------------------------|---------------|--|
| A. Dividends paid | | |
| WORKINGS | ANSWER | |
| | | |
| B. Taxation paid | | |
| WORKINGS | ANSWER | |
| | | |
| C. Change in investments | | |
| WORKINGS | ANSWER | |
| | | |

| |
|----------|
| |
| 5 |

| |
|----------|
| |
| 4 |

| |
|----------|
| |
| 1 |

| | | |
|---------------------------------------------------|---------------|---|
| D. Proceeds from shares issued | | |
| WORKINGS | ANSWER | |
| | | 2 |
| E. Repurchase of shares | | |
| WORKINGS | ANSWER | |
| | | 3 |
| F. Net change in cash and cash equivalents | | |
| WORKINGS | ANSWER | |
| | | 2 |

2.3.1 Calculate the following financial indicators:

| | | |
|---------------------------------------------|---------------|---|
| Net asset value per share | | |
| WORKINGS | ANSWER | |
| | | 3 |
| Debt / Equity ratio | | |
| WORKINGS | ANSWER | |
| | | 3 |
| % return on average capital employed | | |
| WORKINGS | ANSWER | |
| | | 5 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 40 |


QUESTION 3

| | | | | | |
|-------|-------|--|--------------------------------------------------------------------|--|---|
| 3.1. | 3.1.1 | | <table border="1"> <tr><td></td></tr> <tr><td>3</td></tr> </table> | | 3 |
| | | | | | |
| | 3 | | | | |
| 3.1.2 | | | | | |
| 3.1.3 | | | | | |

3.2.1 One director is concerned about the operating efficiency of the business. Provide TWO financial indicators with reasons to justify his concerns.

| |
|---|
| |
| 4 |

3.2.2. As a shareholder, you are concerned about the liquidity of the company. Quote TWO financial indicators with figures to support the concern of the shareholder.



| |
|---|
| |
| 4 |

3.2.3 Briefly explain why you as an existing shareholder would be satisfied with the dividend pay-out policy in 2026 compared to 2025. Provide a calculation to confirm your satisfaction.

Comment:

| |
|---|
| |
| 4 |

3.2.4

The directors are considering taking out an additional loan of R130 000. Explain by quoting TWO financial indicators, with figures why this is a good idea.

Comment:

| |
|---|
| |
| 6 |

3.2.5

Shares are being offered to the existing shareholders at 130 cents each. Would you consider buying additional shares in this company? Explain briefly by quoting TWO financial indicators/data with figures.



| |
|---|
| |
| 4 |

3.2.6

As a major shareholder, comment on whether you would be satisfied with the performance of the company for 2026? Quote THREE financial indicators with figures/data.

Comment:

| |
|---|
| |
| 8 |

3.2.7

Calculate P. Smit's percentage shareholder at the beginning of the year.

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 2 |

How has the issue and repurchase of shares influenced his percentage shareholding. Provide a calculation to substantiate your answer.

| WORKINGS | ANSWER |
|----------|--------|
| | |

Comment:

| |
|---|
| |
| 3 |

How many shares must P Smit buy to become the majority shareholder?

| WORKINGS | ANSWER |
|----------|--------|
| | |

| |
|---|
| |
| 2 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 40 |

QUESTION 4

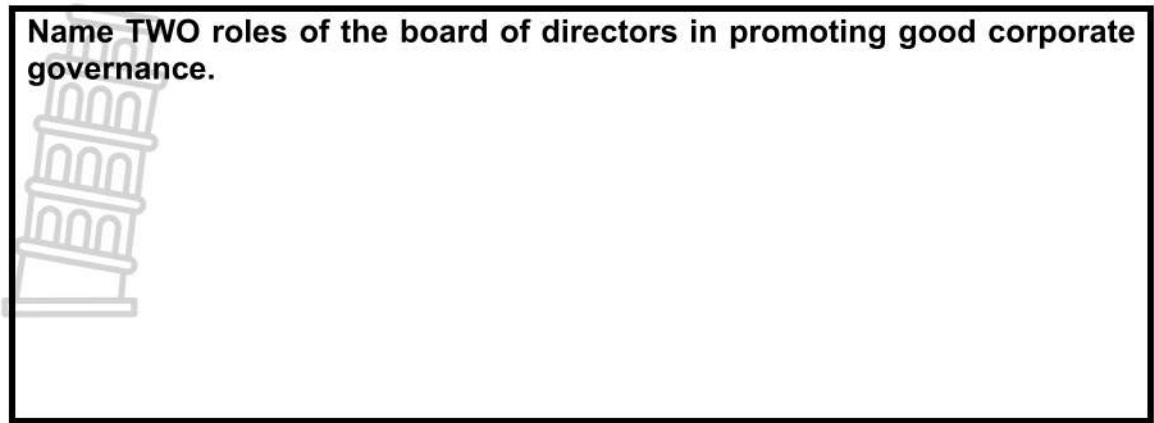
| | | | | | |
|-------|-------|--|-----------------------------------------------------------------|--|---|
| 4.1 | 4.1.1 | | <table border="1"><tr><td></td></tr><tr><td>4</td></tr></table> | | 4 |
| | | | | | |
| | 4 | | | | |
| | 4.1.2 | | | | |
| 4.1.3 | | | | | |
| 4.1.4 | | | | | |

| | | | | |
|-------|----------------------------------------------|-----------------------------------------------------------------|--|---|
| 4.2.1 | Explain the meaning of corporate governance. | <table border="1"><tr><td></td></tr><tr><td>2</td></tr></table> | | 2 |
| | | | | |
| 2 | | | | |

| | | | | |
|-------|-------------------------------------------------------------------|-----------------------------------------------------------------|--|---|
| 4.2.2 | Name TWO corporate governance challenges from the given scenario. | <table border="1"><tr><td></td></tr><tr><td>2</td></tr></table> | | 2 |
| | | | | |
| 2 | | | | |

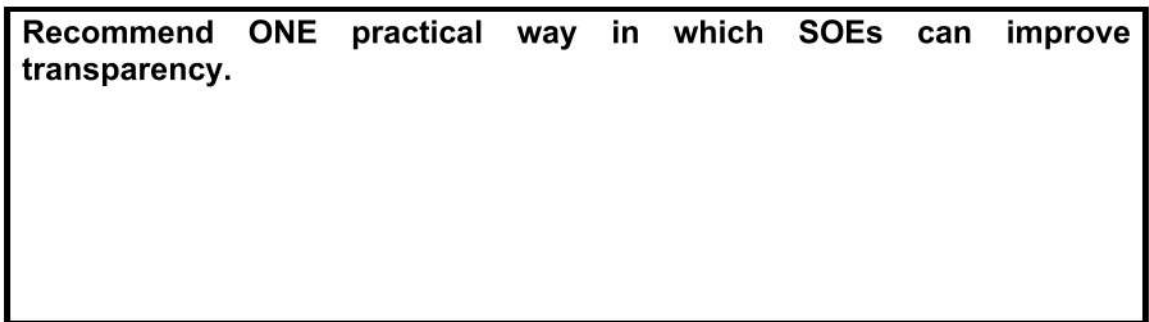
| | | | | |
|-------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--|---|
| 4.2.3 | Give THREE principles of good corporate governance that could address the issues faced by SOEs. | <table border="1"><tr><td></td></tr><tr><td>3</td></tr></table> | | 3 |
| | | | | |
| 3 | | | | |

4.2.4 Name TWO roles of the board of directors in promoting good corporate governance.



| |
|---|
| |
| 4 |

4.2.5 Recommend ONE practical way in which SOEs can improve transparency.



| |
|---|
| |
| 2 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 15 |

TOTAL: 150



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GRADE 12 - EXAMINATION

ACCOUNTING - JUNE 2026

PAPER 1

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 correct answer. 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 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 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 operation, 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 +, -, x, ÷, 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 at least in part. 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/presentation.

This marking guideline consists of 10 pages.

QUESTION 1

| | | | |
|-----|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|
| 1.1 | Calculate: Value of closing stock | | 5 |
| | WORKINGS | ANSWER | |
| | $78 + 631 - 602$ $107 \checkmark \checkmark$ OR $5\,955\,600 - 5\,056\,800$ two marks two marks | $10\,500 \times 100/125$ $\times 8\,400 \checkmark \checkmark$ | 898 800 <input checked="" type="checkbox"/> one part correct |

| | | | |
|-----|------------------------------------------------------------|---------------|---------------------------------------------------------------------------------|
| 1.2 | (a) Calculate: Accumulated depreciation on vehicles | | 2 |
| | WORKINGS | ANSWER | |
| | $814\,000 - 519\,200$ | | 294 800 <input checked="" type="checkbox"/> no part marks ignore brackets |

| | | | |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------|
| | (b) Calculate: Depreciation on equipment for the year | | 5 |
| | WORKINGS | ANSWER | |
| | CV is only 50 000 Old $561\,000 \times 10\%$ = 56 100 $50\,000 - 1$ = 49 999 <input checked="" type="checkbox"/> * *If R50 000 or R1 is shown New $55\,000 \times [10\% \times 6/12]$ = 2 750 <input checked="" type="checkbox"/> * one part correct | 52 749 <input checked="" type="checkbox"/> one part correct ignore brackets | |

| | | | |
|--|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|
| | (c) Calculate: Disposal at carrying value on vehicles | | 5 |
| | WORKINGS | ANSWER | |
| | $165\,000 \checkmark - (66\,000 \checkmark + 14\,850 \checkmark \checkmark^*)$ 99 000 two marks one part correct | $99\,000 \times [20\% \times 9/12]$ $14\,850 \checkmark \checkmark^*$ | 84 150 <input checked="" type="checkbox"/> one part correct |

1.3 RETAINED INCOME NOTE ON 31 May 2026

| | | | | |
|---------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-----------|
| Balance at beginning of the year | balancing figure one part correct | 794 000 | <input checked="" type="checkbox"/> | 10 |
| Net profit after tax | | 721 000 | <input checked="" type="checkbox"/> | |
| Shares repurchased | $200\,000 \checkmark \checkmark \times 15/100 \checkmark$ $(1\,500\,000 - 1\,300\,000)$ | (30 000) | <input checked="" type="checkbox"/> | |
| | $(2\,025\,000 - 1\,755\,000)$ R270 000 two marks x 15/135 one mark | (300 000) Do not accept R300 000 | | |
| Ordinary share dividends | | (440 000) | | |
| Interim dividends | $1\,500\,000 \times 12 \text{ cents}$ | 180 000 | <input checked="" type="checkbox"/> | |
| Final dividends | | 260 000 | <input checked="" type="checkbox"/> | |
| Balance at the end of the year | | 1 045 000 | | |

1.4 Statement of Financial Position on 31 May 2026

* one part correct

| ASSETS | | | | | |
|--------------------------------------|------------------------|---------------------------------------|------------------|-------------------------|--|
| NON-CURRENT ASSETS | | TA – CA | 3 119 800 | ✓ | |
| Fixed assets | | NCA – FD | 2 537 800 | ✓ | |
| Fixed deposit | | 2 | 582 000 | | |
| CURRENT ASSETS | | CL x 1,2 | 1 407 600 | ✓✓ | |
| Inventory | | see 1,1 | 898 800 | ✓ | |
| Trade and other receivables | | | 364 600 | ✓* | |
| Dep. W&E 209 100 ✓ | Transfer + 11 000 ✓ | Dir. Fees – 1 500 ✓ | + 96 000 ✓✓ | SARS I/T + 50 000 ✓✓ | |
| Cash and cash equivalents | | balancing figure | 144 200 | ✓ | |
| TOTAL ASSETS | | TA must be the same as TE&L 13 | 4 527 400 | ✓ | |
| EQUITY AND LIABILITIES | | | | | |
| ORDINARY SHAREHOLDERS' EQUITY | | | 2 800 000 | | |
| Ordinary share capital | | | 1 755 000 | | |
| Retained income | | | 1 045 000 | | |
| NON-CURRENT LIABILITIES | | | 554 400 | | |
| Mortgage loan | (609 840 + 83 160) | (693 000 × 20%) | 554 400 | | |
| | 693 000 ✓✓ | – 138 600 ✓✓ | four marks | | |
| | | 4 | | | |
| CURRENT LIABILITIES | | | 1 173 000 | ✓* | |
| Trade and other payables | Transfer see above | Rent | 774 400 | ✓* | |
| | 763 860 ✓ | – 1 500 ✓ | + 12 040 ✓✓ | | |
| Shareholder for dividends | | see 1.3 | 260 000 | ✓& | |
| Current portion of loan | | | 138 600 | ✓& | |
| TOTAL EQUITY AND LIABILITIES | | 9 | 4 527 400 | ✓* | |

28

& inspect if included with T&OP
 -1 foreign items max -2; -1 presentation max -2

| |
|--------------------|
| TOTAL MARKS |
| |
| 55 |

QUESTION 2

2.1 RECONCILIATION OF PROFIT BEFORE TAXATION AND CASH GENERATED FROM OPERATIONS NOTE.

| | |
|-----------------------------------------------------------|-------------------------------------------------|
| Net profit before tax (393 000✓ x 100/30 ✓) | 1 310 000 <input checked="" type="checkbox"/> * |
| Adjustments for: | |
| Depreciation | 453 000 |
| Interest expense | 252 000 |
| Operating profit before changes in working capital | 2 015 000 <input checked="" type="checkbox"/> * |
| Changes in working capital | (1 017 000) <input checked="" type="checkbox"/> |
| Decrease in inventory (272 000 – 254 000) | 18 000 ✓✓# |
| Increase in debtors (1 592 000 – 770 000) | (822 000) ✓✓# |
| Decrease in Creditors (692 500 – 479 500) | (213 000) ✓✓# |
| Cash generated from operations | 998 000 <input checked="" type="checkbox"/> * |

* one part correct
 # must indicate amount as an inflow or outflow

12

2.2 CASH FLOW STATEMENT

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| A. Dividends paid | |
| WORKINGS | ANSWER |
| Workings of Interim Dividends: $683\,800 + 13\,200 - 917\,000 - 273\,500 = 493\,500^*$ 336 000 three marks $22\,500✓ + 493\,500✓\input checked="" type="checkbox"/>^* - 157\,500✓$ $- 22\,500✓ - 493\,500✓✓ + 157\,500✓$ Accept alternative methods such as signs reversed or ledger format | (358 500) <input checked="" type="checkbox"/> Ignore brackets one part correct |
| B. Taxation paid | |
| WORKINGS | ANSWER |
| $46\,000✓ + 393\,000✓ + 95\,000✓$ $- 46\,000✓ - 393\,000✓ - 95\,000✓$ Accept alternative methods such as signs reversed or ledger format | (534 000) <input checked="" type="checkbox"/> Ignore brackets one part correct |
| C. Change in investment | |
| WORKINGS | ANSWER |
| $(133\,300 - 100\,000)$ | (33 300)✓ Ignore brackets |

5

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1

| | | |
|----------------------------------------------------|---------------------------------------------------|---|
| D. Proceeds from shares issued | | |
| WORKINGS | ANSWER | |
| 2 191 700 + 86 800 – 1 378 500 | 900 000 ✓✓ Ignore brackets no part marks | 2 |
| E. Repurchase of shares | | |
| WORKINGS | ANSWER | |
| 40 000 x ^{2,50 two marks} (2,17✓ + 0,33✓) | (100 000)✓ Ignore brackets one part correct | |
| 40 000 x 0,33 one mark = 13 200 + 86 800 one mark | | 3 |
| F. Net change in cash and cash equivalents | | |
| WORKINGS | ANSWER | |
| 656 000 – 46 000 | 610 000 ✓✓ | 2 |

2.3.1 Calculate the following financial indicators:

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|---|
| Net asset value per share | | |
| WORKINGS | ANSWER | |
| $\frac{2\,875\,500 \checkmark}{1\,010\,000 \checkmark} \times \frac{100}{1}$ | 284,7 cents ✓ one part correct | 3 |
| Debt / Equity ratio | | |
| WORKINGS | ANSWER | |
| 1 800 000 ✓ : 2 875 500 ✓ | 0,6 : 1 ✓ one part correct Must be x:1 | 3 |
| % return on average capital employed | | |
| WORKINGS | ANSWER | |
| $\frac{1\,562\,000 \text{ two marks}}{\frac{1\,310\,000 \checkmark + 252\,000 \checkmark}{\frac{1}{2}[(2\,875\,500 + 1\,800\,000) \checkmark + (1\,652\,000 + 1\,000\,000)] \checkmark} \times \frac{100}{1}}$ <p style="text-align: center;">4 675 500 one mark 2 652 000 one mark 3 663 750 two marks</p> | 42,6% ✓ one part correct | 5 |

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| TOTAL MARKS |
| 40 |

QUESTION 3

| | | | | | | |
|-------|-------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---|
| 3.1. | 3.1.1 | C ✓ | <table border="1" style="width: 40px; height: 40px;"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td style="text-align: center;">3</td></tr> </table> | | | 3 |
| | | | | | | |
| | | | | | | |
| 3 | | | | | | |
| 3.1.2 | A ✓ | | | | | |
| 3.1.3 | B ✓ | | | | | |

3.2.1 **One director is concerned about the operating efficiency of the business. Provide TWO financial indicators with reasons to justify his concerns.**

Any TWO valid indicators ✓✓ trend/figures ✓✓

- % operating profit on sales decreased (from 25%) to 23%/by 2% points.
- % operating expenses on sales increased (from 19%) to 22%/by 3% points
- % net profit **before tax** on sales decreased (from 24%) to 19%/by 5% points

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3.2.2 **As a shareholder, you are concerned about the liquidity of the company. Quote TWO financial indicators with figures to support the concern of the shareholder.**

Any TWO valid indicators ✓✓ trend/figures ✓✓

- Current ratio increased (from 2,2 : 1) to 5,2 :1 which is not good/too high
- Acid test ratio increased (from 1,2 : 1) to 1,8 :1
- This indicates that the business is keeping too much stock instead of converting it into cash.

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3.2.3 **Briefly explain why you as an existing shareholder would be satisfied with the dividend pay-out policy in 2026 compared to 2025. Provide a calculation to confirm your satisfaction.**

| | |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <p>2026</p> $\frac{24}{29} \times \frac{100}{1}$ <p>= 82,8 %✓</p> | <p>2025</p> $\frac{18}{33} \times \frac{100}{1}$ <p>= 54,5%✓</p> |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|

Comment: Comment based on workings above ✓✓

The company retained less reserves in 2026 (17,2%)/ higher dividend payout rate shown (82.8%) as compared to 2025 only 54.2% (45,5% was retained)/by **28,3% points**.

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3.2.4

The directors are considering taking out an additional loan of R130 000. Explain by quoting TWO financial indicators, with figures why this is a good idea.

Any TWO valid indicators ✓✓ trend/ figures ✓ ✓ comment ✓✓

- Debt-equity ratio increased (from 0,1: 1) to 0.3: 1;
- This is still a low financial risk, and the company should easily qualify for another loan.
- ROTCE decreased (from 31%) to 22 %/ by 9% points, which is still higher than the interest rate on loans of 11%, and the company still enjoys positive gearing.

Comment:

Borrowed funds are optimally utilised to generate returns.

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3.2.5

Shares are being offered to the existing shareholders at 130 cents each. Would you consider buying additional shares in this company? Explain briefly by quoting TWO financial indicators/data with figures.

Compare to NAV and MP ✓✓ trends/figures ✓ ✓

- MP of 140 cents is higher than the issue price of 130 cents/by 10 cents.
- NAV of 132 cents is higher than the issue price of 130 cents/by 2 cents
- Shareholders can buy shares at 130 cents and sell at 140 cents in the market.
- **MP of 140 cents is higher than NAV of 132 cents and shareholder would consider buying additional shares at 130 cents.**

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3.2.6

As a major shareholder, comment on whether you would be satisfied with the performance of the company for 2026? Quote THREE financial indicators with figures/data.

Any TWO valid indicators ✓✓✓ trend/ figures ✓ ✓✓ comment ✓✓

- ROSHE decreased (from 36%) to 31 %/ by 5% points.
- EPS decreased (from 33 cents) to 29 cents/by 18 cents.
- DPS increased (from 18 cents) to 24 cents/by 6 cents.

Comment:

- Even though these returns are higher than the alternative investments, if it continues to decline there could be financial implications.
- Increases in dividends can limit **business** growth in the long-term.

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3.2.7

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Calculate P. Smit's percentage shareholder at the beginning of the year. | |
| WORKINGS | ANSWER |
| $\frac{180\ 000}{500\ 000} \times \frac{100}{1}$ | 36% ✓✓ |
| How has the issue and repurchase of shares influenced his percentage shareholding. Provide a calculation to substantiate your answer. | |
| WORKINGS | ANSWER |
| $\frac{210\ 000}{530\ 000} \times \frac{100}{1}$ | 39,6% ✓✓ |
| Comment: Based on the learner calculation above ✓ | |
| His shareholding has increased (from 36%) to 39,6%/by 3,6% points, but he is still not the majority shareholder | |
| How many shares must P Smit buy to become the majority shareholder? | |
| WORKINGS | ANSWER |
| $530\ 000 \times 50\% = 265\ 000 + 1 = 265\ 001$ $265\ 001 - 210\ 000$ | 55 001 ✓✓ one part correct |
| OR | |
| $530\ 000 \times 51\% = 270\ 300$ $270\ 300 - 210\ 000$ | 60 300 one mark and one m.mark |

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| 2 |

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| 3 |

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| |
| 2 |

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| TOTAL MARKS |
| |
| 40 |

QUESTION 4

| | | |
|-----|-------|-----|
| 4.1 | 4.1.1 | B ✓ |
| | 4.1.2 | D ✓ |
| | 4.1.3 | A ✓ |
| | 4.1.4 | C ✓ |

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| 4 |

4.2.1 **Explain the meaning of corporate governance.**

Any valid point ✓✓

- A system by which businesses are directed and control.
- It ensures accountability, transparency, and ethical behaviour.

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4.2.2 **Name TWO corporate governance challenges from the given scenario.**

Any 2 valid points ✓ ✓

- Lack of accountability
- Poor transparency
- Ineffective oversight

| |
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| 2 |

4.2.3 **Give THREE principles of good corporate governance that could address the issues faced by SOEs.**

Any three valid points ✓ ✓ ✓ Accept short answers

- Accountability: Management must be answerable for their decisions.
- Transparency: Businesses must disclose accurate information to stakeholders.
- Responsibility: Resources must be managed responsibly and ethically.
- Fairness: Equal treatment of all stakeholders.
- Ethical leadership: Leaders must act with integrity, honesty, and moral responsibility.

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4.2.4 Name TWO roles of the board of directors in promoting good corporate governance.

Any ONE valid point ✓✓

accept short answers

- Provide strategic direction to the business/long-term vision, mission, and strategic objectives
- Monitor and evaluate management performance/CEO be held accountable
- Ensure compliance with King IV/Companies Act/Public Finance Management Act for SOEs)
- Protect the interests of stakeholders, environment and economy
- Behaviour which reflects fairness and long-term sustainability.

| |
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4.2.5 Recommend ONE practical way in which SOEs can improve transparency.

Any ONE valid point ✓✓

- Publish regular financial statements.
- Communicate openly with stakeholders.
- Conduct independent audits.

| |
|---|
| |
| 2 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 15 |

TOTAL: 150