



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P1
SEPTEMBER 2026
QUESTION PAPER**

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 11-page answer book.**

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which 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 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 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	55	45
2	Cash Flow Statement and Financial Indicators	40	30
3	Interpretation of Company Financial Information	40	35
4	Auditing and Corporate Governance	15	10
TOTAL		150	120

QUESTION 1: COMPANY FINANCIAL STATEMENTS

(55 marks; 45 minutes)

LIMPOPO LTD.

The following information was taken from the records of Limpopo Ltd. for the year ended 28 February 2026. The company trades in building materials.

REQUIRED:

Prepare the following for LIMPOPO LTD. for the year ended 28 February 2026:

- | | |
|-------------------------------------|------|
| 1.1 Trade and Other Receivables | (17) |
| 1.2 Retained Income | (10) |
| 1.3 Statement of Financial Position | (28) |

NOTE: Show all workings in brackets to earn part-marks.

INFORMATION:

A Extract: Statement of Financial Position as at 28 February 2025

	R
Shareholders' Equity	45 000 000
Ordinary share capital	38 730 000
Fixed deposit: BB Bank	2 100 000
Provision for bad debts	191 000
Prepaid Expense (Rent expense)	25 500

B Extract: Pre-adjustment Trial Balance for the year ended 28 February 2026

	R
Balance Sheet Section	
Trading stock	6 450 000
Debtors' control	4 920 000
Loan: LIMP Bank 12% p.a (initial loan amount)	8 400 000
Creditors control	15 870 000
Nominal Accounts Section	
Sales	18 450 000
Cost of sales	8 200 000
Debtors' allowances	56 000
Commission income	70 000
Advertising	160 600
Rent expense	?
Directors' fees	2 601 000
Provisional tax payments	1 350 000
SARS (income tax)	408 390 Dr.
Interest on fixed deposit	126 000

C Additional information and adjustments that still need to be taken into account:

- i Total commission income for the year is R62 700.
- ii Advertising is paid monthly in equal amounts. Advertising for February 2026 has not been paid.
- iii Bank statement revealed the following on 28 February 2026:
 - The company had incorrectly recorded a direct deposit from a debtor as R52 000 instead of R25 000.

- iv A debtor who overpaid her account requested that the overpayment be transferred to the Creditors' Ledger. Instead, the bookkeeper incorrectly decreased the debtors' balance by R6 000 and decreased the creditors' balance by R6 000. Correct the error.
- v A debtor returned bags of cement, which are still in good condition, at a cost of R16 000. They had an original selling price of R36 000 before a 10% trade discount that was granted. The debtor was charged a R500 handling fee, which was added to his account.
- vi Provision for bad debts must be decreased by R30 500.
- vii The rent must be paid one month in advance. Rent increases by 8% on 1 January each year. The bookkeeper forgot to reverse the prepaid rent at the beginning of the year.
- viii There are THREE directors who earn the same monthly directors' fees. Two of them have not been paid their February 2026 fees because of the following:
- One director took stock worth R25 000 for her own use. The balance of her fees remains due to her.
 - The other director took building materials to the value of R90 000. The material costs more than his February fees. The difference will be deducted from his March 2026 directors' fees.
- ix The interest on the fixed deposit for the last quarter is still outstanding. Interest is not capitalised. There was no change in the fixed deposit during the year.
- x A physical stock count was conducted after all adjustments were taken into account; the following were found:
- Trading stock on hand is valued at R6 396 000.
 - Packing material on hand is valued at R6 300.

xi The loan was originally taken out for R8 400 000 and is repayable over 14 years in equal annual instalments (capital portion only). The first 6 years' capital repayments have already been made up to 28 February 2026. Interest on the loan has been correctly recorded and is not capitalised.

xii The bank account showed a favourable balance. The amount must be determined.

D Shares and dividends:

DATE	DETAILS OF SHARES AND DIVIDENDS
	7 500 000 shares authorised
1 March 2025	4 000 000 shares issued.
31 May 2025	Interim dividends of R700 000 paid.
30 June 2025	600 000 additional shares issued for R5 890 000.
26 February 2026	100 000 shares repurchased at R11,40.
28 February 2026	Final dividend of 24 cents per share declared but not yet paid. NOTE: The shares repurchased qualified for the final dividend.

QUESTION 2

CASH FLOW STATEMENT AND FINANCIAL INDICATORS

INFORMATION:

A Extract from the Statement of Comprehensive Income for the year ended:

	28 February 2026
	R
Sales	14 512 500
Cost of sales	6 450 000
Interest expense	576 000
Net profit after tax	2 240 000

B Extract from the Statement of Financial Position as at:

	28 February 2026	28 February 2025
	R	R
Ordinary share capital	23 650 000	18 450 000
Retained income	5 496 000	5 175 000
Fixed assets (carrying value)	3 275 000	3 160 000
Loan: Bosveld Bank	5 160 000	4 200 000
Inventories	?	900 000
Creditors control	984 000	821 000
Accrued expenses	21 000	18 000
SARS: Income tax	26 000 Dr.	54 000
Shareholders for dividends	340 000	324 000

C Fixed assets:

- An old vehicle was sold at its carrying value of R200 000.
- The existing warehouse was extended at a cost of R850 000.

D Loans and interest:

- An additional loan of R1 800 000 was taken out on 1 March 2025 to fund the extension to the warehouse.
- Monthly repayments of R118 000 were made to Bosveld Bank. These instalments include interest.
- Interest on loan for the year amounted to R576 000. Interest on loan is not capitalised.

E Changes in Working Capital:

- The change in receivables resulted in an outflow of R197 000.
- On 28 February 2026, the stock turnover rate was $7\frac{1}{2}$ times a year.

F Share capital and dividends:

DATE	DETAILS OF SHARES AND DIVIDENDS
	1 200 000 ordinary shares authorised.
28 February 2025	Final dividends declared at 36 cents per share.
1 May 2025	250 000 additional shares issued at R25,10.
31 October 2025	Repurchased shares at R6,50 above the average price.
	An amount of R294 000 in interim dividends was paid.
28 February 2026	Final dividends were declared.



QUESTION 3: INTERPRETATION OF COMPANY FINANCIAL INFORMATION

(40 marks; 35 minutes)

VUTLHARI STATIONERS LTD

Vutlhari Stationers Ltd supplies accounting study guides to rural schools. The company has shown strong growth over the past two years and expanded its delivery services during the 2026 financial year. The financial year ended 28 February 2026.

REQUIRED:

- 3.1 Choose the correct GAAP principle from the list of accounting principles to best fit the statements that follow. Write only the term next to the question number in the space provided in your answer book, e.g. (3.1.5 = Principle). (4)

historical cost; materiality;	matching; prudence;	business entity; going-concern
----------------------------------	------------------------	-----------------------------------

- 3.1.1 Assets are recorded at the original cost price and not at replacement value.
- 3.1.2 Financial information of importance to decision-making must be shown separately for the users of information.
- 3.1.3 Income and expenditure must be reported in the correct financial period.
- 3.1.4 Financial statements are prepared on the assumption that a business will continue in the foreseeable future.

NOTE: Where comments or explanations are required, you should:

- Quote financial indicators and trends with figures
- Give a reason or an explanation for the financial indicators quoted.

- 3.2 *"Vutlhari Stationers Ltd has shown an improved liquidity position for 2026."* Quote TWO relevant indicators (with figures), to agree with this statement. (4)
- 3.3 Despite the strong liquidity indicators, cash flow problems were reported. Explain TWO possible reasons, with figures, by referring to Information C. (4)
- 3.4 Discuss the current financial risk of Vutlhari Stationers Ltd. Quote ONE financial indicator with figures to motivate your answer. (3)
- 3.5 Comment on the company's financial gearing position in 2026 and advise the directors on further borrowing. Quote ONE relevant indicator and other data (with figures). (4)

- 3.6 Analyse the profitability for the current year. Quote TWO relevant indicators, with figures to indicate whether the profitability has improved or not. Provide a brief comment on each indicator. (4)
- 3.7 Evaluate the change in the company's dividend policy and explain why the directors might have decided on this change. (4)
- 3.8 The shareholders have indicated at the AGM that they are not satisfied with the market price of their shares on the JSE. Quote ONE financial indicator and other data to prove them wrong. (3)
- 3.9 At the AGM, the board would like to make an important decision to change the company name. **An important decision like this is called a special resolution, which requires a 75% shareholder approval vote.**
- 3.9.1 Calculate whether Mr Nkuna can pass a special resolution on his own. (3)
- 3.9.2 If two other shareholders each own 14% of the shares and vote against Mr Nkuna, will the resolution pass? Show calculations to motivate your answer. (2)
- 3.9.3 How many additional shares would Mr Nkuna need to acquire in order to pass the special resolution on his own? (3)
- 3.10 It was discovered that Mr Nkuna is pressuring minority shareholders to sell their shares by spreading negative rumours about the company. Discuss ONE concern and suggest ONE solution in line with good corporate governance. (2)

INFORMATION:

A Financial indicators and other data for the year ended 28 February 2026:

	2026	2025
% Net Profit on Sales	11%	8%
% Operating Expenses on Sales	18%	21%
% Mark-up	41%	40%
Current Ratio	2,3 : 1	1,5 : 1
Acid-Test Ratio	1,4 : 1	0,9 : 1
Debtors Collection period	40 days	31 days
Debt-Equity Ratio	0,4 : 1	0,9 : 1
Return on Shareholders' Equity (ROSHE)	24%	15%
Return on Capital Total Employed (ROTCE)	20%	16%
Earnings per Share (EPS)	130 cents	75 cents
Dividend per Share (DPS)	52 cents	40 cents
Dividend Payout Rate	?	53%
Net Asset Value per share (NAV)	560 cents	390 cents
Market Price per share	780 cents	450 cents
Interest Rate on Loans	13%	13%
Interest Rate on Fixed Deposit	9%	8%

B Share information:

- 975 000 ordinary shares in issue.
- Mr Nkuna, an ordinary shareholder, currently owns 420 000 shares.
- No new shares were issued during the year.

C Extract from the Cash Flow Statement for 2026:

Cash Flow Information	2026
Cash generated from operations	R1 950 000
Increase in working capital	(R1 100 000)
Dividends paid	(R600 000)
Purchase of delivery vehicles	(R750 000)
Increase in loan	R400 000



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QUESTION 4: AUDITING AND CORPORATE GOVERNANCE (15 marks; 10 minutes)

4.1 AUDITING CONCEPTS

Match the description in COLUMN B with the correct term in COLUMN A. Write only the letter (A–F) next to the question number (4.1.1–4.1.5) in your answer book.

COLUMN A		COLUMN B	
4.1.1	Unqualified audit report	A	States that the auditor could not obtain sufficient audit evidence to give an opinion.
4.1.2	Qualified audit report	B	Appointed by shareholders and must be independent of the company.
4.1.3	Disclaimer of opinion audit report	C	Expresses an opinion that the financial statements fairly present the financial position of the company.
4.1.4	Internal auditor	D	An employee of the company who evaluates internal controls and risk management processes.
4.1.5	External auditor	E	Indicates that the financial statements are fairly presented except for a specific matter.
		F	Responsible for preparing the financial statements of the company.

(5 x 1) (5)

4.2 CORPORATE GOVERNANCE AND ETHICS

You are provided with an extract from a fictional newspaper article. Read the extract below and answer the questions that follow.

REQUIRED:

- 4.2.1 Identify the unethical practice described in the article. (1)
- 4.2.2 Explain why awarding the tender to a relative is a corporate governance concern. (2)
- 4.2.3 Explain the role of the Auditor-General in this investigation. (2)
- 4.2.4 Give ONE possible negative consequence for this education department if corruption is proven. (2)
- 4.2.5 Explain ONE reason why it is important to protect whistleblowers in an organisation. (2)
- 4.2.6 Suggest ONE internal control measure that could prevent this type of situation in future. (1)

INFORMATION:

**NEWSPAPER EXTRACT:
SCHOOL TABLET TENDER UNDER INVESTIGATION**

An education department is under investigation after awarding a R25 million tablet tender to a company owned by a senior department official's cousin.

Reports indicate that proper procurement procedures were not followed, and other suppliers were not given a fair opportunity to quote.

An anonymous employee reported the matter via a whistle-blowing hotline, and it was referred to the Auditor-General for review. (*The Auditor-General audits government departments and public institutions.*)

Officials deny any wrongdoing.

Source: *A fictional newspaper article created for examination purposes.*

15

TOTAL 150 MARKS



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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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	

NOTE:

- Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year.
- Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant).
- 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.



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

STICKER

SCHOOL:

LEARNER NAME & SURNAME:

NATIONAL SENIOR CERTIFICATE

ACCOUNTING P1

GRADE 12

SEPTEMBER 2026

SPECIAL ANSWER BOOK

QUESTION	MARKS	MARKS ACHIEVED	SCHOOL MODERATOR	DISTRICT MODERATOR
1	55			
2	40			
3	40			
4	15			
TOTAL	150			

This answer book consists of 11 pages.

QUESTION 1

LIMPOPO LTD.

NOTE: Show all workings in brackets to earn part-marks.

1.1 TRADE AND OTHER RECEIVABLES

Trade debtors	
4 920 000	

17

1.2 RETAINED INCOME

Balance at the beginning of the year	
Net profit after tax	2 197 090
Balance at the end of the year	

10

1.3 **STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026**

ASSETS	
NON-CURRENT ASSETS	41 660 330
Fixed assets	39 560 330
Fixed deposit	2 100 000
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary Share Capital	
Retained Income	
NON-CURRENT LIABILITIES	
Loan	
CURRENT LIABILITIES	
Trade and other payables	
15 870 000	
TOTAL EQUITY AND LIABILITIES	

28

TOTAL MARKS

55

QUESTION 2
JACSON TILES LTD.

- 2.1. Calculate the following as it would appear in Cash Generated from
 1 operations note for the year 28 February 2026:

CHANGE IN INVENTORIES. Make use of the Stock turnover rate in your calculation.		
WORKINGS	ANSWER	INFLOW / OUTFLOW
		

8

CHANGE IN PAYABLES		
WORKINGS	ANSWER	INFLOW / OUTFLOW

4

2.1. Complete the following:

2

ORDINARY SHARE CAPITAL		
	Issued shares on 1 March 2025	18 450 000
250 000	Shares issued during the year	
	Issued shares on 28 February 2026	23 650 000

9

CASH FLOW STATEMENT

NOTE: No answers are required in the shaded areas.

CASH EFFECTS FROM OPERATING ACTIVITIES	
Cash generated from operations	4 360 000
Interest paid	(576 000)
Taxation paid	(1 040 000)
CASH EFFECTS FROM INVESTING ACTIVITIES	
	(650 000)
Purchase of fixed assets	(850 000)
Proceeds from the sale of fixed assets	200 000
CASH EFFECTS FROM FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENTS	

10



2.1. Calculate the following indicators for the year 28 February 2026:

3

Earnings per share	
WORKINGS	ANSWER

3

Dividend payout rate	
WORKINGS	ANSWER

3

Debt-Equity ratio	
WORKINGS	ANSWER

3

TOTAL MARKS
40

QUESTION 3

VUTLHARI STATIONERS LTD

3.1 Choose the correct GAAP principle from the list of accounting principles to best fit the statements. Write only the term next to the question number.

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 “Vutlhari Stationers Ltd has shown an improved liquidity position for 2026.” Quote TWO relevant indicators (with figures), to agree with this statement.

4

3.3 Despite the strong liquidity indicators, cash flow problems were reported. Explain TWO possible reasons, with figures, by referring to Information C.

4

3.4 Discuss the current financial risk of Vutlhari Stationers Ltd. Quote ONE financial indicator with figures to motivate your answer.

3

- 3.5 Comment on the company's financial gearing position in 2026 and advise the directors on further borrowing. Quote ONE relevant indicator and other data (with figures).

4

- 3.6 Analyse the profitability for the current year. Quote TWO relevant indicators, with figures to indicate whether the profitability has improved or not. Provide a brief comment on each indicator.

4

- 3.7 Evaluate the change in the company's dividend policy and explain why the directors might have decided on this change.

4

- 3.8 The shareholders have indicated at the AGM that they are not satisfied with the market price of their shares on the JSE. Quote ONE financial indicator and other data to prove them wrong.

3

3.9 At the AGM, the board would like to make an important decision to change the company name. An important decision like this is called a special resolution, which requires a 75% shareholder approval vote.

3.9.1 Calculate whether Mr Nkuna can pass a special resolution on his own.

3

3.9.2 If two other shareholders each own 14% of the shares and vote against Mr Nkuna, will the resolution pass? Show calculations to motivate your answer.

2

3.9.3 How many additional shares would Mr Nkuna need to acquire in order to pass the special resolution on his own?

3

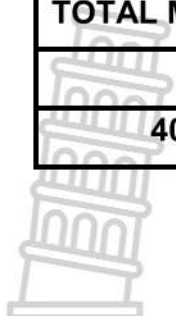
3.10 It was discovered that Mr Nkuna is pressuring minority shareholders to sell their shares by spreading negative rumours about the company.

Discuss ONE concern and suggest ONE solution in line with good corporate governance.

CONCERN	SOLUTION

2

TOTAL MARKS
40



QUESTION 4

4.1 AUDITING CONCEPTS

Match the description in COLUMN B with the correct term in COLUMN A.
 Write only the letter (A–F) next to the question number (4.1.1–4.1.5).

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	



5

4.2 CORPORATE GOVERNANCE AND ETHICS

4.2.1 Identify the unethical practice described in the article.

--

1

4.2.2 Explain why awarding the tender to a relative is a corporate governance concern.

--

2

4.2.3 Explain the role of the Auditor-General in this investigation.

--

2

4.2.4 Give ONE possible negative consequence for this education department if corruption is proven.

--

2

4.2.5

Explain ONE reason why it is important to protect whistleblowers in an organisation.

2

4.2.6

Suggest ONE internal control measure that could prevent this type of situation in future.

1

TOTAL MARKS
15

TOTAL 150 MARKS

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P1
SEPTEMBER 2026
MARKING GUIDELINES**

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for a misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for a correct answer. If the answer is incorrect, mark the 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, the marker must inspect reasonableness of 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 $\boxtimes$.
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.

These marking guidelines consist of 11 pages.

QUESTION 1

LIMPOPO LTD.

1.1 TRADE AND OTHER RECEIVABLES

Trade debtors adjustment iii (52 000 – 25 000) adjustment v 36 000 – 3 600 adjustment iv (6 000 one mark + 6 000 one mark) 4 920 000 + 27 000✓✓ – 32 400✓ + 500✓ + 12 000✓✓ (31 900) two marks	4 927 100□*
Provision for bad debts 191 000 – 30 500	(160 500)□*
Net trade debtors	4 766 600□#
Prepaid expenses Rent one director's fees 27 540✓ + 13 500✓✓ (90 000 one mark - 76 500 one mark)	41 040□*
interest on fixed deposit Accrued income $126\,000 \times \frac{3}{9}$ OR $\frac{126\,000}{3}$	42 000✓□*
SARS Income tax	408 390✓
	5 258 030□#

*one part correct and operation; # operation only

Do not split accuracy marks, where two marks are allocated, unless specified

17

1.2 RETAINED INCOME

Balance at the beginning of the year 45 000 000 – 38 730 000	6 270 000✓□*
Net profit after tax	2 197 090
Repurchase of shares $100\,000 \times R1,70$ ✓✓	(170 000)□*
Ordinary share dividends	(1 804 000)□#
Interim dividends paid	700 000✓
Final dividends declared $4\,600\,000 \times 24c$	1 104 000✓□*
Balance at the end of the year	6 493 090□\$

*one part correct and operation; # operation only; \$ operation; check repurchase and OSD MUST be subtracted

Do not split accuracy marks, where two marks are allocated, unless specified

10

1.3 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS	
NON-CURRENT ASSETS	41 660 330
Fixed assets	39 560 330
Fixed deposit	2 100 000
CURRENT ASSETS	30 342 160 □ #
Inventory 6 396 000 ✓ + 6 300 ✓	6 402 300 □ *
Trade and other Receivables see 1.1	5 258 030 □
Cash and cash equivalents balancing figure	18 681 830 □
TOTAL ASSETS must be the same as TE and Liabilities to earn mark 7	72 002 490 □
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	50 143 090 □ *
$\frac{44\,620\,000}{4\,600\,000} =$ R9,7 x 100 000 two marks	43 650 000 □ *
Ordinary share capital 38 730 000 + 5 890 000 – 970 000 ✓✓	
Retained Income see 1.2 5	6 493 090 □
NON-CURRENT LIABILITIES no mark allocated	4 200 000
Loan 8 400 000 ✓ – (600 000 × 6) ✓✓ – 600 000 ✓ 3 600 000 two marks 5	4 200 000 □ *
CURRENT LIABILITIES	17 659 400 □ *
Trade and other payables Adjustment iv advertising 15 870 000 + 12 000 ✓✓ + 14 600 ✓ + one Director's fees commission 51 500 ✓✓ (76 500 one mark - 25 000 one mark) + 7 300 ✓	15 955 400 □ *
Shareholders for dividends see 1.2 final dividends	1 104 000 □
Current portion of loan see amount deducted from loan above	600 000 □
TOTAL EQUITY AND LIABILITIES 11	72 002 490 □ *

*one part correct and operation; # operation only; Inspect: SFD may be included in T&OP; - 1 foreign item (max -2); presentation -1 (max -1); misplaced items, award marks for workings only

28

TOTAL MARKS

55



QUESTION 2
JACSON TILES LTD

2.1. Calculate the following as it would appear in Cash Generated from operations note for the year 28 February 2026:
 1

CHANGE IN INVENTORIES. Make use of the Stock turnover rate in your calculation.		
WORKINGS	ANSWER	INFLOW / OUTFLOW
Stock turnover = Cost of sales ÷ Average stock 7,5 ✓ = 6 450 000 ✓ ÷ Average stock Average stock = 6 450 000 ÷ 7,5 = 860 000 ✓✓ Average stock = (Opening stock + Closing stock) ÷ 2 860 000 = (900 000 + Closing stock) ÷ 2 860 000 × 2 = 900 000 + Closing stock 1 720 000 = 900 000 + Closing stock Closing stock = 820 000 900 000 ✓ – 820 000 □*	80 000 □* OR: 6 450 000 one mark ÷ [$\frac{1}{2}$(900 000 + x)] two marks = 7,5 one mark 6 450 000 ÷ [(900 000 + x) ÷ 2] = 7,5 6 450 000 = 7,5 × [(900 000 + x) ÷ 2] 6 450 000 = 3,75(900 000 + x) 6 450 000 – 3 375 000 = 3,75x (6 450 000 – 3 375 000) ÷ 3,75 x x = 820 000 900 000 one mark – 820 000 m.mark	Inflow ✓

*one part correct and operation

8

CHANGE IN PAYABLES		
WORKINGS	ANSWER	INFLOW / OUTFLOW
[(984 000+21 000) =1 005 000] [(821 000+18 000) = 839 000] 1 005 000 ✓ - 839 000 ✓	166 000 □	Inflow ✓

4

2.1. Complete the following:

2

ORDINARY SHARE CAPITAL		
$\begin{array}{r} 324\,000 \\ - 0,36 \\ \hline = 900\,000 \square^* \end{array}$	Issued shares on 1 March 2025	18 450 000
250 000	Shares issued during the year @ 25,10	6 275 000 ✓
(50 000) ☐ balancing figure	Repurchased shares @ 21,50	(1 075 000) ☐ balancing figure, ignore brackets
$\begin{array}{r} 23\,650\,000 \\ 21,50 \text{ see above} \\ \hline 1\,100\,000 \square^* \end{array}$	Issued shares on 28 February 2026	23 650 000

9

*one part correct and operation

CASH FLOW STATEMENT

CASH EFFECTS FROM OPERATING ACTIVITIES	2 126 000 ☐ @
Cash generated from operations	4 360 000
Interest paid	(576 000)
Dividends paid 324 000 + 294 000	(618 000) ✓✓ must be in brackets
Taxation paid 3	(1 040 000)
CASH EFFECTS FROM INVESTING ACTIVITIES	(650 000)
Purchase of fixed assets	(850 000)
Proceeds from the sale of fixed assets	200 000
CASH EFFECTS FROM FINANCING ACTIVITIES 7	5 835 000 ☐ @
Proceeds in issue of shares see 2.1.2	6 275 000 ☐
Repurchase of shares 50 000 x (R21,50 + R6,50) R28	(1 400 000) ✓ ☐ * must be in brackets
\$Increase in loan	1 800 000 ✓
\$Repayment of loan [(118 000 x 12) – 576 000]	(840 000) ✓✓* must be in brackets
NET CHANGE IN CASH AND CASH EQUIVALENTS	

10

*one part correct and operation. @Brackets/ or Not as per learner calculation, operation only

\$ Note if learners' combined loan (increase and repayment) as 960 000 inflow; award 3 marks for positive 960 000, three or nothing, must be inflow.

Be alert to alternative workings such as ledger account or use of brackets or signs reversed. Ensure that only one option is marked consistently.

If final answers are not in brackets, assume an inflow of cash. Use of inflow/ outflow must be strictly applied in awarding marks.



2.1.3 Calculate the following indicators for the year 28 February 2026:

Earnings per share	
WORKINGS	ANSWER
$\frac{2\,240\,000}{1\,100\,000 \text{ see 2.1.2 Closing OSC}} \times 100$	203,6 cents ☐ one part correct Accept 204c Accept R2, 04 Cent sign not necessary, must be x 100
OR: Alternative answer using weighted-average shares: $\frac{2\,240\,000 \text{ one mark}}{1\,091\,667 \text{ one method mark}} \times 100$ $900\,000 + 208\,333 - 16\,667 = 1\,091\,667 \text{ (rounded) one part correct}$ $(250\,000 \times 10/12) - (50\,000 \times 4/12)$ = 205,2 cents ☐ one part correct, and same conditions as above	

Note: x 100 is not seen as one part correct

3

Dividend payout rate	
WORKINGS	ANSWER
$\frac{[294\,000 + 340\,000]}{2\,240\,000} \times 100$	28,3% ☐ one part correct DO NOT accept 28/29% % sign not necessary, must be x 100
OR Interim DPS: $R294\,000 \div 1\,150\,000 \times 100 = 25,6 \text{ cents}$ Final DPS (after the repurchase of 50 000 shares): $R340\,000 \div 1\,100\,000 \times 100 = 30,9 \text{ cents}$ Total DPS: $25,6 + 30,9 = 56,5 \text{ cents}$ Dividend payout rate: $56,5 \div 203,6 \text{ see EPS above} \times 100 = 27,8\%$	

Note: x 100 is not seen as one part correct

3

Debt-Equity ratio	
WORKINGS	ANSWER
$\frac{(23\,650\,000 + 5\,496\,000)}{5\,160\,000 \checkmark : 29\,146\,000 \checkmark}$	0,2 : 1 ☐ One part correct in the form of x:1

3

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TOTAL MARKS
40



QUESTION 3

VUTLHARI STATIONERS LTD

3.1 Choose the correct GAAP principle from the list of accounting principles to best fit the statements. Write only the term next to the question number.

3.1.1	Historical cost ✓
3.1.2	Materiality ✓
3.1.3	Matching ✓
3.1.4	Going-concern ✓

4

3.2 “Vutlhari Stationers Ltd has shown an improved liquidity position for 2026.” Quote TWO relevant indicators (with figures), to agree with this statement.

Financial indicator ✓ ✓ figure and trend ✓ ✓

The current ratio increased from 1,5:1 to 2,3:1

The acid-test ratio increased from 0,9:1 to 1,4:1

Do not accept the debtor's collection period

4

3.3 Despite the strong liquidity indicators, cash flow problems were reported. Explain TWO possible reasons, with figures, by referring to Information C.

Two marks per valid reason, with figures ✓✓ ✓✓ one mark for reason, one for figure

Cash flow problems may have arisen because R1 100 000 was tied up in working capital, which may indicate increased debtors or inventory.

Large cash outflows for dividends paid (R600 000) reduced available cash resources.

Purchase of new delivery vehicles (R750 000).

4

3.4 Discuss the current financial risk of Vutlhari Stationers Ltd. Quote ONE financial indicator with figures to motivate your answer.

Financial indicator ✓ figure and trend ✓ Comment: must refer to risk ✓

The Debt-Equity ratio decreased from 0,9:1 to 0,4:1.

Low financial risk.

3



- 3.5** **Comment on the company's financial gearing position in 2026 and advise the directors on further borrowing. Quote ONE relevant indicator and other data (with figures).**
- Financial indicator ✓ figure and trend ✓ Comment: must refer to gearing ✓ Advise ✓
- ROTCE increased from 16% to 20%. ROTCE is higher than the interest rate on loans (13%); the company is positively geared.
- The directors may consider further borrowing, provided profitability remains strong and cash flow is effectively managed.
- 4**
- 3.6** **Analyse the profitability for the current year. Quote TWO relevant indicators, with figures to indicate whether the profitability has improved or not. Provide a brief comment on each indicator.**
- Financial indicator with figure and trend ✓ ✓ Comment: per indicator ✓ ✓
- Net profit on sales increased from 8% to 11%, indicating better cost control or an increased selling price.
- Operating expenses decreased from 21% to 18%, reflecting improved efficiency.
- Profitability improved during the year.
- Do not accept % mark-up as it does not adequately reflect overall profitability and only changed marginally (40% to 41%).
- 4**
- 3.7** **Evaluate the change in the company's dividend policy and explain why the directors might have decided on this change.**
- Calculation 2026 ✓✓ Comment: Must be based on learner calculation, decrease = growth/increase = to keep shareholders happy ✓✓
- The dividend payout rate decreased from 53% to 40% (52/130). This indicates that a smaller percentage of earnings is being distributed as dividends. The company may be retaining more profits to finance expansion and future growth.
- 4**
- 3.8** **The shareholders have indicated at the AGM that they are not satisfied with the Market Price of their shares on the JSE. Quote ONE financial indicator and other data to prove them wrong.**
- Comparison of MP to NAV ✓ figures and trend for 2026 ✓ Comment ✓
- The market price per share of 780 cents is higher than the net asset value (NAV) per share of 560 cents (by 220 cents).
- OR**
- The NAV of 560 cents is lower than the MP of 780 cents (by 220 cents).
- 3**

This indicates that the shares are trading above their intrinsic value and are in demand. Investors are willing to pay more than the underlying value due to strong performance and positive growth expectations.

3.9 An important decision like this is called a special resolution, which requires a 75% shareholder approval vote.

3.9.1 Calculate whether Mr Nkuna can pass a special resolution on his own.

$$\frac{420\,000}{975\,000} \times 100$$

= 43% ☐ one part correct

He cannot pass a special resolution alone, as he does not meet the 75% requirement.

3

3.9.2 If two other shareholders each own 14% of the shares and vote against Mr Nkuna, will the resolution pass? Show calculations to motivate your answer.

Calculation of 72% ✓ Comment ✓

Opposition has 14% + 14% = 28%

Mr Nkuna has 43%

43% + remaining 29% (100 – 28 – 43) = 72%

Even if all remaining shareholders vote with Mr Nkuna, it is still less than 75%, and the resolution will NOT pass.

2

3.9.3 How many additional shares would Mr Nkuna need to acquire in order to pass the special resolution on his own?

975 000 x 75%

731 250 shares ✓ – 420 000 current shares ✓

= 311 250 shares needed ☒ one part correct

3

3.10 Discuss ONE concern and suggest ONE solution in line with good corporate governance.

CONCERN	SOLUTION
Any ONE valid concern ✓	Any ONE valid solution ✓
Spreading negative rumours is unethical and manipulates shareholders, potentially unfairly affecting the share price.	The board/company secretary should investigate, issue a formal warning/legal notice where appropriate, communicate accurate information to shareholders, and protect minority shareholder rights.
It disadvantages minority shareholders and undermines transparency and integrity.	The company should enforce ethical conduct in line with the King's Code Report on Corporate Governance and protect shareholder rights.
Note: Disciplinary action may not apply unless Mr Nkuna is also an employee/director; in this case, he is just a shareholder.	

2

TOTAL MARKS

40

QUESTION 4

4.1 AUDITING CONCEPTS

Match the description in COLUMN B with the correct term in COLUMN A. Write only the letter (A–F) next to the question number (4.1.1–4.1.5).

4.1.1	C ✓
4.1.2	E ✓
4.1.3	A ✓
4.1.4	D ✓
4.1.5	B ✓

5

4.2 CORPORATE GOVERNANCE AND ETHICS

4.2.1 Identify the unethical practice described in the article.

Nepotism ✓

1

4.2.2 Explain why awarding the tender to a relative is a corporate governance concern.

Any ONE relevant point; ✓✓

- It creates a conflict of interest.
- It is unfair to other suppliers/ tender applicants.
- It undermines transparency and accountability.

2

- It violates procurement policies.

4.2.3 Explain the role of the Auditor-General in this investigation.

Any ONE relevant point; ✓✓

- Audits public sector institutions/Investigates or audits the use of public funds in government institutions.
- Ensures public funds are used correctly.
- Checks compliance with legislation.
- Reports findings to Parliament/Public.

2

4.2.4 Give ONE possible negative consequence for this education department if corruption is proven.

Any ONE valid consequence; ✓✓

- Legal action against officials.
- Financial penalties/ Financial losses to the department.
- Reputational damage.
- Loss of public trust.

2

4.2.5 Explain ONE reason why it is important to protect whistleblowers in an organisation.

Any ONE relevant point; ✓✓

- Protects employees from victimisation.
- Encourages reporting of unethical behaviour.
- Promotes transparency and accountability.
- Helps detect fraud early.

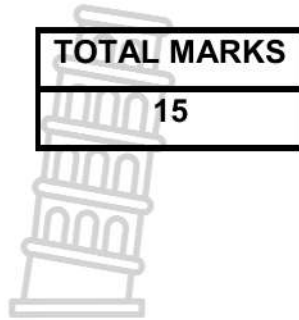
2

4.2.6 Suggest ONE internal control measure that could prevent this type of situation in future.

Any ONE valid control measure ✓

- Independent tender committee approval.
- Declaration of conflict-of-interest forms.
- Rotation of procurement officials.
- Internal audit review of contracts.

1



TOTAL 150 MARKS

