



education

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P1
SEPTEMBER 2026**

MARKS: 150

TIME: 2 Hours

**This question paper consists of 12-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 in which to answer ALL the questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to achieve part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions
7. Where applicable, show ALL calculations to ONE decimal point.
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 Statement	55	50
2	Cash Flow Statement and Financial Indicators	40	30
3	Concepts and Interpretation of Financial Information	40	30
4	Corporate Governance	15	10
TOTAL		150	120

QUESTION 1: COMPANY FINANCIAL STATEMENTS

(55 marks; 50 minutes)

The following information was taken from the accounting records of Lowveld Foods Limited. The financial year ended on 28 February 2026. The company trades with fruit juice.

REQUIRED:

1.1 Refer to information B.

Calculate the value of the Cost of Sales of Super Fruit using the specific identification method on 28 February 2026. (8)

1.2 Complete the Statement of Comprehensive Income for the year ended 28 February 2026. (37)

1.3 Complete the Ordinary Share Capital Note (7)

1.4 The accountant delays recording certain expenses until next year to make this year's profits look better. Which GAAP principle is violated, and what risk does this pose? (3)

NOTE:

- Show ALL workings in brackets.
- Certain figures are provided in the ANSWER BOOK.
- Missing amounts in shaded areas must NOT be filled in.

INFORMATION:

A. The following amounts were extracted from the Post-Adjustment Trial Balance on:

	28 FEB 2026 R	28 FEB 2025 R
Balance Sheet Account Section		
Packing material on hand	6 600	
Debtors Control	60 500	
Provision for bad debt	?	2 992
Ordinary share capital	5 572 000	?
Retained income	?	2 700 000
Loan: Avo Bank	4 028 000	4 175 000
SARS: Income tax (provisional tax)	335 400	
Accrued Income (Fee income)	11 000	
Accrued Expense (Director's fees)	67 000	
Income received in advance (Rent income)	10 100	
Prepaid Expense (Audit fees)	33 600	

B. Trading Stock

The following information was obtained after the physical stock count:

- Packing material used during the year, R23 400
- The stock record of the Fruit Juice revealed the following:

NOTE: The specific identification method is used to value the stock of Fruit Juice.

	MODEL	UNITS	TOTAL R
Balances: 1 March 2025	Super Fruit	400 000	?
	Power Fruit	?	12 000 000
Purchases	Super Fruit	680 000	?
	Power Fruit	?	17 400 000
Returns	Super Fruit	5 300	?
Balances: 28 February 2026	Super Fruit	105 000	?
	Power Fruit	?	?

Sales and cost of Sales

- **Super Fruit:** units were sold at R28 each
- **Power Fruit:** cost of sales was calculated at R29 000 000

Mark-up percentage

- Goods are marked at 60% on cost for Super Fruit
- **Total Gross profit achieved:** 52% on cost

C. Fixed Deposit: Mango Bank

- On 1 April 2025, Lowveld Foods Ltd made an additional fixed deposit, double the value, at an interest rate of 6% p.a, which is the same rate as the existing investment.
- The interest earned on the total investment for this financial year was R3 300.

D. Transfer of balance and provision for bad debts:

- A creditor, who were overpaid by R4 500 in the Creditors Ledger, requested that this overpayment be transferred to their account in the Debtors' Ledger. This transfer has not yet been recorded.
- The provision for bad debt is adjusted to 4% of the outstanding debtors.

E. Income received in advance (Rent income):

- A vacant storeroom was rented out from 1 June 2025. On 1 January 2026 the rent was increased by R2 700 per month. The rent for March 2026 is already received.

F. Accrued Income (Fee Income)

- Fee Income of R11 000 was still receivable for one month on a 12 month contract.

G. Prepaid Expense (Audit fees):

- 30% of the Audit fees was paid in advance for the next financial year.

H. Accrued Expense (Directors fees)

- The company had four directors during the entire financial year, receiving the same monthly fee. Two of the directors are still owed their fees for February 2026.

I. Mortgage loan: Avo Bank

- The repayments on the loan are fixed at R35 000 per month (including capitalised interest).
- Provide for interest on loan.

J. Income tax:

- After the final taxation for the year was calculated, there was a refund of R36 600 due to the company from SARS.

K. Share capital:

1 March 2025	3 000 000 shares were in issue
15 August 2025	new shares were issued at R1,70 each.
31 January 2026	20 000 shares were repurchased at R2,50 each from an existing shareholder (R50 000).
28 February 2026	3 980 000 shares were in issue

L. Financial indicators calculated on 28 February 2026 after the above have been taken into account:

- Operating Expense on sales is 20%

QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(40 marks; 32 minutes)

The information relates to Mbeu Ltd for the financial year ended 28 February 2026.

REQUIRED:

- 2.1 Prepare the Retained Income Note for the year ended 28 February 2026. (9)
- 2.2 Complete the Cash Flow Statement by inserting only the details and figures indicated by a question mark (?). (18)
- 2.3 Calculate the following financial indicators for the year ended 28 February 2026:
 - Average debtors collection period (in days). (4)
 - % Return on average capital employed (ROTCE). (6)
 - Net asset value per share (NAV). (3)

INFORMATION:

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

	R
Cash sales	3 966 000
Credit sales	3 966 000
Cost of sales	4 620 000
Interest on loan	?
Depreciation	602 250
Income tax	187 770
Net profit after tax	438 130

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

	28 Feb. 2026 R	28 Feb. 2025 R
Fixed deposit	220 000	300 000
Debtors control	892 800	575 500
Bank	0	305 000
Petty Cash	40 000	32 000
SARS: Income tax	11 800 (Cr)	2 400 (Dr)
Ordinary shareholders' equity	5 542 000	4 872 370
Ordinary share capital	?	4 725 000
Retained income	?	147 370
Loan: DV Bank	6 348 000	7 200 000
Shareholders for dividends	129 480	162 000
Bank overdraft	165 000	0

C. Fixed assets:

Extract from the Fixed Asset Note

	EQUIPMENT
Carrying value at the beginning of the year	2 002 000
Cost	3 640 000
Accumulated depreciation	(1 638 000)
Movements:	
Additions	?
Disposals	(220 750)
Depreciation	(602 250)
Carrying value at the end of the year	
Cost	3 790 000
Accumulated depreciation	

- Equipment is depreciated at 15% p.a. on cost.
- On 1 October 2025 new equipment was purchased.
- Depreciation for the new equipment was R56 250 on 28 February 2026.

D. Reconciliation between net profit before tax and cash generated from operations reflects the following:

- Operating profit before changes in working capital R851 300.
- Cash effects of changes in working capital R7 000 inflow of cash.

E. Ordinary share capital:

- The authorised share capital comprises 1 200 000 ordinary shares.
- 900 000 ordinary shares were in issue on 1 March 2025.
- An additional 150 000 ordinary shares were issued during the financial year at R6,30 per share on 1 October 2025.
- Interim dividends were paid on 1 December 2025.
- 70 000 ordinary shares were repurchased from shareholders on 28 February 2026. The average issue price was R5,40 at this point.
- There were 980 000 ordinary share issue on 28 February 2026.
- The directors declared a final dividend on 28 February 2026.

QUESTION 3: INTERPRETATION OF FINANCIAL INFORMATION

(40 marks; 35 minutes)

- 3.1 Choose the financial statement(s) in COLUMN B that matches the financial indicator in COLUMN A. Write only the letter (A-D) next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

COLUMN A	COLUMN B
3.1.1 Solvency	A Statement of Comprehensive Income
3.1.2 Return on capital employed	B Statement of Financial Position
3.1.3 Profitability	C Statement of Comprehensive Income and Financial Position
	D Cash Flow Statement

(3 x 1) (3)

3.2 POTO-POTO LTD

The financial year ends on the last day of February each year.

REQUIRED:

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 quotes

3.2.1 Profitability

Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently.

(4)

3.2.2 Liquidity

The liquidity position of the company has improved. Quote TWO financial indicators with figures to support this statement

(4)

3.2.3 Risk and gearing

Comment on how Poto-Poto Ltd is managing their risk and gearing. Quote TWO financial indicators in your explanation.

(6)

3.2.4 Dividends, earnings and returns:

- Comment on the dividends pay-out policy of the company. Provide TWO reasons why the directors decided to change the policy in 2026. (3)
- The shareholders should be happy with the earnings per share (EPS) because it is better than the previous year. Explain why you agree with them. Quote figures and calculations. (4)
- Explain why the shareholders should be satisfied with their return on investment in the company. Quote figures and trends in your explanation (3)

3.2.5 Value of shares:

One of the shareholders wants to sell her shares at R6 each.

- Provide ONE reason why you would agree with her to sell her shares. Quote a financial indicator with figures and trends. (2)
- Provide ONE reason why you disagree with her to sell her shares. Quote a financial indicator with figures and trends. (2)

INFORMATION:

A. Financial indicators calculated on the last day of financial year:

	28 Feb 2026	28 Feb 2025
% operating expenses on sale	21,6%	23,2%
% mark-up achieved	60%	50%
% operating profit on sales	21%	19%
Current ratio	1,6:1	0,3:1
Acid-test ratio	0,8:1	0,1:1
Debtors' collection period	36 days	43 days
Creditors' payment period	63 days	63 days
Debt-equity ratio	0,5:1	0,2:1
Earnings per share	83 cents	78 cents
Dividends per share	85 cents	40 cents
Dividends pay-out rate	102%	51%
% return on total capital employed (ROTCE)	8%	12%
% return on shareholders' equity	12,8%	11%
Net asset value per share	650 cents	625 cents
Interest on fixed deposit	8%	8%
Interest on loan	11%	11%
Market price per share on JSE	600 cents	640 cents

3.3 CHIGO LTD AND RIBA LTD

The information relates to TWO companies competing in the same industry. The financial year of each company ends on the last day of May.

NOTE: Adila Baba is a shareholder in both companies:

- Both companies will issue new shares in the new financial year
- Adila Baba considers buying new shares in Chigo Ltd only

REQUIRED:

- 3.3.1 Explain what effect this consideration will have on the % shareholding of Adila Baba in each company. Quote figures and trends (6)
- 3.3.2 Calculate the number of shares Adila Baba could buy in Riba Ltd if she spend the same amount of money (3)

INFORMATION:

A. Extracts from accounting records on 31 May 2026

	CHIGO LTD	RIBA LTD
Number of shares issue	980 000	1 000 000
Number of shares owned by Adila Baba	450 800	550 000

B. Shares to be issued in the new financial year.

	CHIGO LTD	RIBA LTD
Total number of shares	120 000	80 000
Number of shares Adila Baba considers buying	110 200	0
Issue price	R5	R4

QUESTION 4: CORPORATE GOVERNANCE

(15 marks; 10 minutes)

You are provided with an extract of a social and ethics committee report, as well as two unrelated articles. Use the information given and your knowledge on companies to answer the questions.

Refer to information A.

- 4.1 Name two responsibilities of a Social and Ethics Committee as shown in the extract. (2)
- 4.2 Explain why monitoring suppliers is important for ethical business practices. (2)
- 4.3 Suggest ONE way Bright Future Ltd can improve its waste management practices. (2)

Refer to information B.

- 4.4 Why is whistle-blowing important for protecting stakeholders in a company? (2)
- 4.5 Suggest one way Bright Future Ltd can prevent similar unethical practices in the future. (2)

Refer to information C.

- 4.6 Define liquidity and explain why it is important for a business like Bright Future Ltd. (3)
- 4.7 Suggest one strategy Bright Future Ltd could use to improve its liquidity. (2)

INFORMATION

A. Extract from the social and ethics committee report of Bright Future Ltd

The Social and Ethics Committee of Bright Future Ltd met on 15 March 2026. The committee reviewed the company's compliance with labour laws, environmental responsibility, and community involvement. It noted that while employee relations had improved, there were concerns about waste management practices. The committee recommended stricter monitoring of suppliers to ensure ethical conduct and proposed a new community outreach programme to support local schools.

B. Article 1: Whistle-Blower Exposes Fraud at Bright Future Ltd

Johannesburg – In a bold move, an employee at Bright Future Ltd revealed that the company had been overstating its profits to attract new investors. The whistle-blower reported the misconduct to the Social and Ethics Committee, which immediately launched an investigation. The findings confirmed that financial statements had been manipulated, damaging the company's reputation. Thanks to the whistle-blower's courage, corrective measures were introduced, including stricter internal controls and transparent reporting. The case highlights the importance of ethical behaviour and the protection of whistle-blowers under South Africa's Protected Disclosures Act.

C. Article 2: Company Struggles with Liquidity

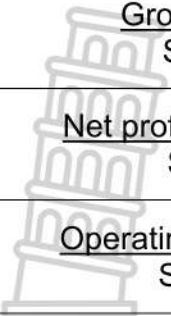
Johannesburg – Bright Future Ltd, a well-known retail company, is facing serious liquidity problems. Recent financial statements revealed that the business has struggled with liquidity for a while. Creditors have expressed concern as the company struggles. Analysts warn that poor liquidity can damage trust with stakeholders and may lead to difficulties in securing future loans. Management has promised to improve liquidity.

15

TOTAL:150



GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

 $\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (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: 1. Trading stock at the end of a financial year may be used if required in a question. 2. Credit purchases may 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.	

NAME OF SCHOOL

NAME OF CANDIDATE

CLASS

NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

PAPER 1

SEPTEMBER 2026

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 10 pages

QUESTION 1

1.1	Calculate the value of the Cost of Sales of Super Fruit using the specific identification method on 28 February 2026.				
	<table border="1"> <tr> <th data-bbox="188 383 1121 421">CALCULATIONS</th><th data-bbox="1121 383 1394 421">ANSWER</th></tr> <tr> <td colspan="2" data-bbox="188 421 1121 658" rowspan="2"></td></tr> <tr> </tr> </table>	CALCULATIONS	ANSWER		
CALCULATIONS	ANSWER				

8

1.2	Lowveld Foods Ltd
	Statement of Comprehensive Income for the year ended 28 February 2026
	Gross Profit
	Other Operating Income
	Operating Income
	Operating Expenses
	Operating Profit
	Profit before Interest Expense
	Profit before Income Tax
	Income Tax
	Net Profit after tax

843 200

37

1.3

Ordinary Share Capital Note		
3 000 000	Balance beginning of the year	
		5 572 000

7

1.4	The accountant delays recording certain expenses until next year to make this year's profits look better. Which GAAP principle is violated, and what risk does this pose?	
		3

TOTAL MARKS	
55	



QUESTION 2:**2.1 RETAINED INCOME**

Balance at the beginning of the year	147 370

9

2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2026

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash generated from operations	?
Interest paid	(86 100)
Dividends paid	(308 520)
	?
CASH FLOW FROM INVESTING ACTIVITIES	
	?
	?
Change in investment	
CASH FLOWS FROM FINANCING ACTIVITIES	
	?
Repurchase of shares	(437 500)
	?
	?
Net change in cash and cash equivalents	
Cash and cash equivalents – opening balance	?
Cash and cash equivalents- closing balance	?

18

2.3 Calculate: % Average debtors collection period (in days)

WORKINGS	ANSWER
	
Calculate: % Return on average capital employed	
WORKINGS	ANSWER
Calculate: Net assets value per share	
WORKINGS	ANSWER
	

4

6

3

TOTAL MARKS

40

QUESTION 3:

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2 POTO-POTO LTD

3.2.1 Profitability:

Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently.

4

3.2.2 Liquidity:

The liquidity position of the company has improved. Quote TWO financial indicators with figures to support this statement.

4

3.2.3 Risk and gearing

Comment on how Poto-Poto Ltd is managing their risk and gearing. Quote TWO financial indicators in your explanation.

6

3.2.4 Dividends, earnings and returns:

Comment on the dividend pay-out policy of the company. Provide TWO reasons why the directors decided to change the policy in 2026.

Comment:

Reasons:

3

The shareholders should be happy with the earnings per share (EPS) because it is better than the previous year. Explain why you agree with them. Quote figures and calculations

4

Explain why the shareholders should be satisfied with their return on investment in the company. Quote figures and trends in your explanation.

3

3.2.5 Value of shares:

One of the shareholders wants to sell her shares at R6 each.

Provide ONE reason why you would agree with her to sell shares. Quote a financial indicator with figures and trends.



2

Provide ONE reason why you disagree with her to sell her shares. Quote a financial indicator with figures and trends.

2

3.3. CHIGO AND RIBA LTD**3.3.1 Explain what effect this consideration will have on the % shareholding of Adila Baba in each company. Quote figures and trends.**

CHIGO Ltd:

RIBA LTD

6

3.3.2 Calculate the number of shares Adila Baba could buy in Riba Ltd.

WORKINGS

ANSWER

3

TOTAL MARKS

40

QUESTION 4:

4.1 Name two responsibilities of a Social and Ethics Committee as shown in the extract.



2

4.2 Explain why monitoring suppliers is important for ethical business practices.

2

4.3 Suggest ONE way Bright Future Ltd can improve its waste management practices.



2

4.4 Why is whistle-blowing important for protecting stakeholders in a company?

2

- 4.5 Suggest one way Bright Future Ltd can prevent similar unethical practices in the future.



2

- 4.6 Define liquidity and explain why it is important for a business like Bright Future Ltd.

Definition:

1

Importance:



2

- 4.7 Suggest one strategy Bright Future Ltd could use to improve its liquidity.

2

TOTAL MARKS
15

TOTAL: 150



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REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P1
SEPTEMBER 2026
MARKING GUIDELINES**

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
10. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

This marking guidelines consists of 11 pages.

QUESTION 1

1.1	Calculate the value of the Cost of Sales of Super Fruit using the specific identification method on 28 February 2026. CALCULATIONS 400 000✓ + 680 000✓ – 5 300✓ – 105 000✓ = 969 700✓ units [969 700 x R28]✓ = [R27 151 600 x 100/160]✓	ANSWER R16 969 750✓ sales x 100/160
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8

1.2	Lowveld Foods Ltd Statement of Comprehensive Income for the year ended 28 February 2026 Sales 45 969 750 x 152/100 45 969 750 x 160/100 Cost of Sales (16 969 750 ✓ + 29 000 000✓) See 1.1 Gross Profit Operation 6 Other Operating Income Rent income 51 800✓✓ + 20 200✓ two marks one mark (7 400 x 7) + 20 200 Fee income Award two marks for any figure e.g. x 11 000 not exceeding 132 000 Provision for bad debt Adjustment (2 992 – 2 600✓) 9 Operating Income OP + OE Operating Expenses (20% of sales) Must x with Sales Audit fees Directors fee (67 000 x 48/2✓✓) one mark one mark (402 000 + 402 000 + 402 000 + 402 000) Packing material Operating Profit Operation 10 Interest Income (3 300✓ + 150✓✓) or (3 300 + 1 800) One mark two marks Profit before Interest Expense Operation Interest Expense (4 028 000✓ + 420 000✓ – 4 175 000✓) (35 000 x 12) one mark Profit before Income Tax PAT + IT Income Tax 12 Net Profit after tax	69 874 020✓✓* Or 73 551 600 Two marks (45 969 750)✓* 23 904 270✓ Or 27 581 850 One method mark 72 000✓* 132 000✓✓ 392 ✓✓* 15 386 354✓ (13 974 804)✓✓ 112 000✓✓ 1 608 000✓* 23 400✓ 1 411 550✓ 3 450✓* Or 5 100 One method mark 1 415 000✓ (273 000)✓* 1 142 000✓ (298 800)✓✓ 843 200
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37

* one part correct

1.3

Ordinary Share Capital Note		
3 000 000	Balance beginning of the year	3 900 000 ✓*
1 000 000 ✓*	Shares issued during the year at R1,70	1 700 000 ✓
(20 000) # ✓	Repurchases of shares @ R1,40 ✓	(28 000) # ✓*
3 980 000 ✓	Balance end of the year	5 572 000

7

*One part correct, check correct operation for balancing figure i.e. (+SBB-SI)
 # ignore brackets
 If answer of 28 000 is correct, award two marks if R1,40 is not shown.
 -1 presentation/details (max -1)

1.4

The accountant delays recording certain expenses until next year to make this year's profits look better. Which GAAP principle is violated, and what risk does this pose?	
One mark for GAAP principle ✓	Two marks for reason ✓✓
Prudence / Matching Expenses must be recorded in the same period as the income they help generate; delaying them misleads users	

3

TOTAL MARKS

55

2.3 Calculate: % Average debtors collection period (in days)

WORKINGS	ANSWER
$\frac{734\,150 \text{ two marks} \times \frac{1}{2} (892\,800 \checkmark + 575\,500 \checkmark)}{3\,966\,000 \checkmark} \times 365 \text{ days}$	67,6 days ☒ One part correct Accept 68 days If average (x 1/2) is used
Calculate: % Return on average capital employed	
WORKINGS	ANSWER
$\frac{712\,000 \text{ three marks} \times 100}{\frac{1}{2} \{ (4\,872\,370 + 7\,200\,000) \checkmark + (5\,542\,000 + 6\,348\,000) \checkmark \}} \times 100$ $11\,981\,185 \text{ two marks}$	5,9% ☒ One part correct If average (x 1/2) is used
Calculate: Net assets value per share	
WORKINGS	ANSWER
$\frac{5\,542\,000 \checkmark}{980\,000 \checkmark} \times 100$	565,5 cents ☒ One part correct Accept R566 Calculated as R/c: R/c not necessary

4

6

3

- For each calculation, the 'x 100' does not constitute 'one part correct'.
- Numerator and denominator must be marked as such.
- Do not award marks for any operations done to stand-alone figures. E.g. no tick if anything is added to R5 542 000 (numerator), R3 966 000 / 980 000 denominator

TOTAL MARKS

40

QUESTION 3:

3.1	3.1.1	B	✓
	3.1.2	C	✓
	3.1.3	A	✓

3

3.2 POTO-POTO LTD

3.2.1 Profitability:

Quote and explain TWO financial indicators which indicate that the company manages its expenses more efficiently.

Financial indicators with figures and trends ✓ ✓

Explanation/comment ✓ ✓

- % Operating expenses on sales decreased from 23,2% to 21,6% / by 1,6% points / by 6,9%
It reflects effective cost control and efficient expense management.
- % Operating profit on sales increased from 19% to 21% / by 2% points / by 10,5%
This indicates an increase in profits due to better control over expenses.

Do not accept mark-up %.

4

3.2.2 Liquidity:

The liquidity position of the company has improved. Quote TWO financial indicators with figures to support this statement.

Financial indicators ✓ ✓

Figures and trends ✓ ✓

- Current ratio improved/increased from 0,3 : 1 to 1,6 : 1 / by 1,3 : 1
- Acid test ratio improved/increased from 0,1 : 1 to 0,8 : 1 / by 0,7 : 1
- Debtors collection period improved/decreased from 43 days to 36 days / by 7 days

4

3.2.3 Risk and gearing

Comment on how Poto-Poto Ltd is managing their risk and gearing. Quote TWO financial indicators in your explanation.

TWO financial indicators ✓ ✓

Figures and trends ✓ ✓

Explanation ✓ ✓

- Debt-equity ratio increased from 0,2 : 1 to 0,5 : 1 / by 0,3 : 1
low financial risk/risk has increased.
- The % return on average capital employed (ROTCE) decreased from 12% to 8% / by 4% points.
The company is negatively geared / ROTCE is lower than the interest rate on loan 11% / using loans ineffectively.

6



3.2.4 Dividends, earnings and returns:

Comment on the dividend pay-out policy of the company. Provide TWO reasons why the directors decided to change the policy in 2026.		
Comment on dividends pay-out rate (DPR) with figures and trends ✓ Comment: - DPR increased from 51% to 102% / by 51% points Reasons: - Satisfying shareholders (Keep them happy). - No plans for future. - Retained funds (2%) were used to pay out dividends for current year / depleting funds that could be used for future expansion.	TWO reason ✓ ✓	3
The shareholders should be happy with the earnings per share (EPS) because it is better than the previous year. Explain why you agree with them. Quote figures and calculations		
Compare EPS to NAV of share (MP / NAV) for 2026 with figures. ✓✓ Compare EPS to Value of share (MP / NAV) for 2025 with figures. ✓✓ Expected responses for 4 marks (two marks per financial year) - EPS to NAV is 13% in 2026 and 12,48% in 2025 / EPS to NAV is 4% more than 2025 (previous year) - EPS to MP is 13,8% in 2026 and 12,2% in 2025. - Earnings in 2026 is 83 cents on a share valued at 650c / 600c while in 2025 is 78 cents on a share value at 625c / 640c.		
Explain why the shareholders should be satisfied with their return on investment in the company. Quote figures and trends in your explanation.		
Financial indicators ✓ % return on shareholders' equity (ROSHE) increased from 11% to 12,8% / by 1,8% points	Figures with trends ✓ ROSHE is more than interest rate on alternative investment of 8%	Comparison with interest ✓
		3

3.2.5 Value of shares:

One of the shareholders wants to sell her shares at R6 each.

Provide ONE reason why you would agree with her to sell shares. Quote a financial indicator with figures and trends.

Financial indicator with figure ✓ ✓

Any ONE response

- Market price has dropped from 640c to 600c / by 40 cents.
- Market price of 600 cents is lower than NAV of 650 cents.

2

Provide ONE reason why you disagree with her to sell her shares. Quote a financial indicator with figures and trends.

Financial indicator with figure ✓ ✓

Any ONE response:

- EPS increased from 78 cents to 83 cents per share / by 5 cents.
- NAV increased from 625c to 650c / 25 cents.
- Return on shareholders' equity increased from 11% to 12,8% / by 1,8% points
- Dividend pay-out rate increased from 51% to 102%

2

3.3. CHIGO AND RIBA LTD

3.3.1 Explain what effect this consideration will have on the % shareholding of Adila Baba in each company. Quote figures and trends.

Explanation on % shareholding ✓ ✓

Figures and trends ✓ ✓ ✓ ✓

CHIGO Ltd:

- She will become the majority shareholder
- Her shareholding will increase from 46% to 51%

RIBA LTD

- Her shareholding will drop from 55% to 50,9%
- She will remain the majority shareholder.

6

3.3.2 Calculate the number of shares Adila Baba could buy in Riba Ltd.

WORKINGS	ANSWER
$(110\,200 \times 5)$ one mark $551\,000 \checkmark \div 4 \checkmark$	$137\,750 \checkmark$ One part correct

3

TOTAL MARKS
40

QUESTION 4:

4.1 Name two responsibilities of a Social and Ethics Committee as shown in the extract.

Any TWO valid answers

1 mark per correct responsibility

- Review compliance with labour laws
- Ensure environmental responsibility
- Monitor suppliers for ethical conduct
- Oversee community involvement

2

4.2 Explain why monitoring suppliers is important for ethical business practices.

Any ONE valid answer

2 mark per correct responsibility

- Ensures suppliers follow ethical standards
- Protects company reputation and avoids unethical business practices

2

4.3 Suggest ONE way Bright Future Ltd can improve its waste management practices.

Any ONE valid suggestion, e.g.

2 marks for a practical, relevant suggestion.

- Introduce recycling programmes
- Reduce packaging or use eco-friendly materials
- Partner with waste management companies

2

4.4 Why is whistle-blowing important for protecting stakeholders in a company?

Any ONE valid answer

2 marks for a reason.

- It ensures accurate financial information is reported
- Protects investors, employees, and the public from fraud

2

4.5 Suggest one way Bright Future Ltd can prevent similar unethical practices in the future.

Any ONE valid answer

2 marks for a suggestion.

- Introduce stricter internal controls
- Conduct regular audits
- Provide ethics training for employees

2

4.6 Define liquidity and explain why it is important for a business like Bright Future Ltd.

1 mark for definition, 2 marks for important

Definition:

Liquidity is the ability of a business to meet its short-term obligations using current assets

Importance:

- Ensures suppliers and creditors are paid on time
- Maintains trust and financial stability

1

2

4.7 Suggest one strategy Bright Future Ltd could use to improve its liquidity.

Any ONE valid suggestion

2 marks for one practical, relevant suggestion

- Reduce unnecessary expenses
- Collect debts from customers faster
- Negotiate better payment terms with suppliers

2

TOTAL MARKS

15

TOTAL: 150