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basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P1

NOVEMBER 2026

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MARKS: 150

TIME: 2 hours

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

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer 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 Statements	50	40
2	Cash Flow Statement and Financial Indicators	40	30
3	Concepts and Interpretation of Financial Information	45	40
4	Corporate Governance	15	10
TOTAL		**150**	**120**

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

TETSI LIMITED

The following information relates to Tetsi Limited. The financial year ended on 28 February 2026. The business trades in kitchen appliances.

REQUIRED:

Consider all the relevant information given below.

1.1 Complete the Statement of Comprehensive Income for the year ended 28 February 2026. (26)

1.2 Complete the Statement of Financial Position on 28 February 2026. (24)

NOTE:
- Some amounts are provided in the ANSWER BOOK.
- Missing amounts in shaded areas are NOT required.

ADJUSTMENTS AND INFORMATION:

A. Extract: Balances and totals from the records on 28 February:

	28 Feb. 2026 R	28 Feb. 2025 R
Ordinary share capital	?	?
Retained income	?	521 700
Mortgage loan: BED Bank	491 800	?
Fixed deposit	?	?
Trading stock	?	415 800
Debtors' control	410 490	
Provision for bad debts	?	12 540
SARS: Income tax (provisional tax payment)	787 300	
Creditors' control	532 700	
Sales	7 240 000	
Cost of sales	2 896 000	
Rent income	139 210	
Insurance	63 000	
Directors' fees	?	
Interest on loan	?	
Ordinary share dividends	252 000	

B. Tetsi Ltd uses a mark-up of 150% on cost. They forfeited a gross profit of R15 480 on goods donated to a local old-age home.

C. Insurance premium of R4 200 per month remained unchanged from the previous financial year.

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D. Debtors:

- R5 700 received from a debtor, whose account was previously written off as irrecoverable, was posted in error to the Debtors' Control Account. This must be corrected.
- Provision for bad debts must be adjusted to R9 900.

E. Rent for the office has been received up until 30 April 2026. Rent was increased by R760 on 1 November 2025 on the office rented. Buhle, the tenant, acquired an extra storage room for three months at a fixed monthly rental of R550 from 1 February 2026.

F. Directors' fees:

- Tetsi Ltd had two directors, Ms Pretorius and Mr Veli, for the past few years. Due to other priorities, Mr Veli served as a director until 30 June 2025.
- On 1 March 2025, at the beginning of the financial year, Mr Mange was appointed at a fee of 10% below the two existing directors. He was paid his fees for the current year.
- Ms Pretorius has not been paid for the last month of the financial year.
- The combined first quarter fees for the financial year for all directors were R454 080.

NOTE: All directors' contracts state that their fees will increase by 5% on 1 May each year after the annual general meeting, upon serving the company for at least a year.

G. Loan: BED Bank

- Interest on the loan is capitalised and constant throughout, but no entry has been made in the books.
- A monthly instalment of R11 420 is paid, including interest. This was taken into account. The loan statement showed a closing balance of R548 200.
- Tetsi Ltd plans to increase their total repayments by R21 400 next year.

H. Shares and income tax:

- Shares were issued and repurchased during the year.
- Income tax is calculated at 30% of the net profit.

I. After all the transactions had been correctly captured, the CEO noted the following:

- The stock was replaced quicker when compared to the previous financial year. The average stock turnover rate increased from 3,2 times to 5 times.
- The company retained R382 600 more profit compared to the previous year.

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QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS
(40 marks; 30 minutes)

YAMAL LTD

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

NOTE: Some details and figures have been entered in the ANSWER BOOK.

REQUIRED:

2.1 **Refer to Information C and D.**

Complete the Ordinary Share Capital Note to the Statement of Financial Position on 28 February 2026. (9)

2.2 Complete the Cash Flow Statement for the year ended 28 February 2026. (17)

2.3 Calculate the following financial indicators for the year ended 28 February 2026:

- Acid-test ratio (4)
- % return on average shareholder's equity (ROSHE) (5)
- Dividends per share (DPS) (5)

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INFORMATION:

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

	R
Sales	22 968 000
Cost of sales	15 840 000
Operating profit	3 698 000
Interest expense	350 000
Income tax (28% of net profit)	655 200

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B. Fixed assets:

Extract from the Fixed Assets Note on 28 February:

	Land and buildings R	Vehicles R
Carrying value on 28 Feb. 2025	?	9 929 940
Carrying value on 28 Feb. 2026	20 300 000	?

Land and buildings:

The company made an extension to the warehouse on 31 August 2025. This was the only addition made to the fixed assets.

Vehicles:

- On 1 March 2025, among others, Yamal Ltd had an old delivery vehicle with a carrying value of R360 000.
- This vehicle was sold on 31 December 2025 at carrying value.

NOTE: Vehicles depreciate at 20% p.a. on the diminishing-balance method.

C. Extract from the Statement of Financial Position on 28 February 2026:

	2026 R	2025 R
Non-current assets	**?**	**26 429 940**
Fixed assets (carrying value)	?	25 679 940
Financial assets	980 000	750 000
Trade and other receivables	1 460 660	?
SARS: Income tax	27 280	0
Cash and cash equivalents	13 500	369 000
Shareholders' equity	23 336 900	17 820 000
Loan: Sisu Bank	?	8 350 000
Current liabilities	**1 876 800**	**?**
Trade and other payables	924 000	?
Shareholders for dividends	713 900	712 800
SARS: Income tax	0	102 960
Bank overdraft	238 900	0

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D. Extract from the Cash Flow Statement on 28 February 2026:

	R
CASH FLOW FROM OPERATING ACTIVITIES	
Dividends paid	(1 198 800)
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from shares issued	7 912 000
Shares repurchased	(2 880 000)

NOTE: The transactions below have been considered in the above statement.

The company is registered with an authorised share capital of 2 000 000 ordinary shares.

The following transactions have been properly recorded in the financial statements:

- A number of shares were in issue at the beginning of the financial year.
- An interim dividend was paid on 30 June 2025.
- Ordinary shares were repurchased at R3,30 above average share price from a retired shareholder on 30 September 2025.
- On 31 January 2026, the directors issued 368 000 additional shares. These shares qualify for a final dividend.

E. Loans:

The capital portion of the loan that must be paid in the next financial year will increase by 10% to R1 265 000. Repayments for the 2026 financial year have been made and recorded.

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QUESTION 3: CONCEPTS AND INTERPRETATION OF FINANCIAL INFORMATION
(45 marks; 40 minutes)

HENRU LTD

The information relates to Henru Ltd for the year ended 31 May 2026.

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 quoted
- Give a different reason for each indicator

3.1 **CONCEPTS**

Choose a concept from COLUMN B that matches an explanation 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, e.g. 3.1.4 E.

	COLUMN A		COLUMN B
3.1.1	A measurement of how effective the business uses capital to generate profit	A	limited liability
		B	net working capital
3.1.2	In case of bankruptcy or insolvency, shareholders cannot be required to use their possessions to settle debts of the company	C	return on equity
		D	total capital employed
3.1.3	Money available for day-to-day operations after paying short-term debts		

(3 x 1) (3)

3.2 **Liquidity:**

The directors believe that the liquidity position of the business has deteriorated despite improvement in some indicators. Quote TWO financial indicators with trends and figures to support the statement. (2)

3.3 **Profitability:**

Explain whether the directors should be concerned about the sustainability of the business' trading performance. Quote TWO financial indicators with trends and figures and give a different comment for EACH. (6)

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3.4 **Risk and gearing:**

- A review of the company's financing decisions revealed a change in the level of financial risk. Comment on this change and quote ONE financial indicator with figures to support your answer. (2)

- During the annual general meeting (AGM), a shareholder expressed his concern about a decision to purchase new equipment funded by a loan and the effect on gearing. Quote and explain ONE financial indicator with figures. (3)

3.5 **Returns, earnings and dividends:**

Henru Ltd retained 40% of the earnings for the current financial year.

- Calculate the earnings per share (EPS) on 31 May 2026. (2)

- Apart from retaining funds to finance future growth, give TWO other reasons for this decision. (4)

3.6 **Share value:**

Comment on whether shareholders' confidence in Henru Ltd improved or declined over the two financial years. Quote TWO financial indicators with figures to support your answer. (4)

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3.7 **Solvency:**

The shareholders are considering investing additional capital in the next financial year. Advise them whether the company's solvency position should influence their decision. State ONE point. (2)

3.8 **Shareholding in Henru Ltd:**

Refer to Information B.

- Calculate the number of additional shares purchased by other shareholders during the current financial year. (2)

- Phenyo wished to maintain his % shareholding after the company issued additional shares. Calculate the additional number of shares he failed to purchase to maintain his % shareholding. (3)

- Explain how the change in Phenyo's shareholding may affect his role in the company. Give TWO points. (4)

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3.9 **Performance of Henru Ltd:**

The CEO of Henru Ltd met with the CEO of a successful competitor in the same industry to share good business practices.

- Give TWO reasons why a comparison of the company's performance with that of its competitor could benefit the business. (4)
- Explain how cash flow management and the use of financial indicators could assist in improving the overall performance of the company. State ONE point for each. (4)

INFORMATION:

A. Financial indicators, market prices of shares and interest rates:

	31 May 2026	31 May 2025
% gross profit on sales	62%	58%
% gross profit on cost of sales	60%	65%
% operating expenses on sales	14,0%	19,5%
% net profit after tax on sales	11,2%	8,5%
Current ratio	1,6 : 1	1,4 : 1
Acid-test ratio	0,8 : 1	1,1 : 1
Debtors' collection period	44 days	35 days
Creditors' payment period	42 days	42 days
Debt-equity ratio	0,5 : 1	0,1 : 1
Earnings per share (EPS)	?	?
Dividends per share (DPS)	270 cents	120 cents
Dividend pay-out rate	?	80%
% return on average equity (ROSHE)	18,2%	14,5%
% return on total capital employed (ROTCE)	11,4%	16,1%
Net asset value per share (NAV)	1 850 cents	1 680 cents
Solvency ratio	2,6 : 1	1,9 : 1
Market price per share	1 720 cents	1 750 cents
% interest rate on investments	9%	9%
% interest rate on loans	14%	14%

B. Shareholding of Phenyo in Henru Ltd:

	31 May 2026	31 May 2025
Number of issued ordinary shares	1 200 000	1 000 000
Shares held by Phenyo	540 000	520 000
% shareholding of Phenyo	45%	52%

NOTE: Phenyo only bought 20 000 of the newly issued shares during the year.

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

You are provided with an article from a newspaper. Use the information given and your knowledge of companies to answer the questions.

NOTE: Give a different reason for EACH question.

REQUIRED:

4.1 Explain the ethical principle that was violated by the CFO and the bookkeeper. (1)

4.2 Explain why the independent auditors issued a disclaimer of opinion report. (2)

4.3 State ONE concern that the potential shareholders may have after reading the audit report of Shabs Ltd. (2)

4.4 The audit committee of Shabs Ltd was criticised for failing to provide effective supervision, which allowed fraudulent activities to occur.

Give TWO different actions that the audit committee should implement to strengthen internal controls and prevent similar fraudulent activities from occurring in future. (4)

4.5 Some employees believe that being a whistle-blower is not helpful.

- Explain why it is important for employees not to ignore information relating to unethical conduct. State TWO points. (4)
- How can the shareholders strengthen whistle-blower protection to encourage future open communication? State TWO points. (2)

INFORMATION

Article: Dismissal of senior financial manager at Shabs Ltd

Shabs Ltd prepares the financial statements in accordance with International Financial Reporting Standards (IFRS). An anonymous whistle-blower alleged that the chief financial officer (CFO) deliberately overstated revenue and colluded with the bookkeeper to manipulate accounting records and conceal the fraud. The bookkeeper received unauthorised payments in exchange for assisting with the fraudulent activities.

The company's internal auditors failed to detect the fraud, raising concerns about the effectiveness of the internal audit function and internal controls. Independent auditors, upon finishing their duties, issued a disclaimer of opinion.

The board of directors and audit committee were criticised for failing to provide effective supervision and for not upholding the principles of ethical leadership, accountability and good governance.

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TOTAL: 150

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GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (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.)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	

NOTE:
1. 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.
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.

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NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P1

GRADE 12

NOVEMBER 2026

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SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

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QUESTION 1

1.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2026

Sales	7 240 000	
Cost of sales	(2 896 000)	
Gross profit	4 344 000	
Other income		
Sundry income	435 500	
Gross operating income		
Operating expenses		
Salaries and wages		
Depreciation		
Operating profit		
Interest income	77 000	
Profit before interest expense		
Interest expense		
Net profit before tax		
Income tax for the year	(756 240)	
Net profit after tax		26

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1.2 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS		
NON-CURRENT ASSETS		
Fixed assets at carrying value		
Fixed deposit		
CURRENT ASSETS		
Inventories		
Trade and other receivables (410 490		
Cash and cash equivalents		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Shareholders' equity	**8 276 400**	
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables (532 700		
Shareholders for dividends	**504 000**	
TOTAL EQUITY AND LIABILITIES		**24**

TOTAL MARKS
50

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QUESTION 2

YAMAL LTD

2.1 ORDINARY SHARE CAPITAL NOTE

Authorised shares:
2 000 000 ordinary shares

	Shares issued on 1 March 2025		
1 298 000	**Shares issued on 28 February 2026**	**22 699 000**	**9**



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2.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2026

CASH FLOW FROM OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	
Dividends paid	**(1 198 800)**
CASH FLOW FROM INVESTING ACTIVITIES	
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from shares issued	**7 912 000**
Shares repurchased	**(2 880 000)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING	
CASH AND CASH EQUIVALENTS AT END	

17

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2.3 Calculate the following financial indicators for the year ended 28 February 2026:

Acid-test ratio	
WORKINGS	**ANSWER**

4

% return on average shareholders' equity (ROSHE)	
WORKINGS	**ANSWER**

5

Dividends per share (DPS)	
WORKINGS	**ANSWER**

5

TOTAL MARKS
40

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QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2 Liquidity:

The directors believe that the liquidity position of the business has deteriorated despite improvement in some indicators. Quote TWO financial indicators with trends and figures to support the statement.

2

3.3 Profitability:

Explain whether the directors should be concerned about the sustainability of the business' trading performance. Quote TWO financial indicators with trends and figures and give a different comment for EACH.	
Financial indicator 1	
Financial indicator 2	

6

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3.4 Risk and gearing:

A review of the company's financing decisions revealed a change in the level of financial risk. Comment on this change and quote ONE financial indicator with figures to support your answer.

2

During the annual general meeting (AGM), a shareholder expressed his concern about a decision to purchase new equipment funded by a loan and the effect on gearing. Quote and explain ONE financial indicator with figures.

3

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3.5 Returns, earnings and dividends:

Calculate the earnings per share (EPS) on 31 May 2026.	
WORKINGS	**ANSWER**

2

Apart from retaining funds to finance future growth, give TWO other reasons for this decision.

4

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3.6 Share value:

Comment on whether shareholders' confidence in Henru Ltd improved or declined over the two financial years. Quote TWO financial indicators with figures to support your answer.

4

3.7 Solvency:

The shareholders are considering investing additional capital in the next financial year. Advise them whether the company's solvency position should influence their decision. State ONE point.

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2

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3.8 Shareholding in Henru Ltd:

Refer to Information B.

Calculate the number of additional shares purchased by other shareholders during the current financial year.	
WORKINGS	**ANSWER**

2

Phenyo wished to maintain his % shareholding after the company issued additional shares. Calculate the additional number of shares he failed to purchase to maintain his % shareholding.	
WORKINGS	**ANSWER**

3

Explain how the change in Phenyo's shareholding may affect his role in the company. Give TWO points.

4

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3.9 Performance of Henru Ltd:

Give TWO reasons why a comparison of the company's performance with that of its competitor could benefit the business.	
	4

Explain how cash flow management and the use of financial indicators could assist in improving the overall performance of the company. State ONE point for each.	
	EXPLANATION
Cash flow management	
Use of financial indicators	

4

TOTAL MARKS
45

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QUESTION 4

4.1 **Explain the ethical principle that was violated by the CFO and the bookkeeper.**

1

4.2 **Explain why the independent auditors issued a disclaimer of opinion report.**

2

4.3 **State ONE concern that the potential shareholders may have after reading the audit report of Shabs Ltd.**

2

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4.4 **Give TWO different actions that the audit committee should implement to strengthen internal controls and prevent similar fraudulent activities from occurring in future.**

4

4.5 **Explain why it is important for employees not to ignore information relating to unethical conduct. State TWO points.**



4

How can the shareholders strengthen whistle-blower protection to encourage future open communication? State TWO points.

2

TOTAL MARKS
15

TOTAL: 150

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