



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

**PROVINCIAL STANDARDISED
ASSESSMENT**

GRADE 12

ACCOUNTING P1

Stanmorephysics.com

JUNE 2026

MARKS: 150

TIME: 2 Hours

This question paper consists of 15 pages including a formula sheet
and a 11-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. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. 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 and table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Statement of Comprehensive Income and Fixed assets	35	30
2	Statement of Financial Position and Notes	40	30
3	Cash Flow Statement and Audit reports	30	25
4	Interpretation of financial statements	45	35
TOTAL		150	120

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME AND FIXED ASSETS (35 marks; 30 minutes)

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

REQUIRED:

- 1.1 Refer to information B(a) for fixed assets

Calculate the following:

- 1.1.1 The missing amounts denoted by (i) to (iv) on the fixed asset note (12)
- 1.1.2 Profit / loss on the sale of equipment on 1 October 2025 (3)

- 1.2 Prepare the Statement of Comprehensive income for the financial year ended 28 February 2026. (20)

INFORMATION:

- A. List of balances before taking into account all adjustments below:

	28 February 2026 R	28 February 2025 R
Mortgage loan: Hlathi Bank	3 820 000	4 300 000
Provision for bad debts	?	13 000
Sales	13 065 280	
Cost of Sales	7 698 000	
Rent income	331 200	
Service fee income	332 410	
Salaries and wages	1 500 000	
Directors fees	1 307 840	
Audit fees	96 000	
Packing material	75 000	
Insurance	82 000	
Bad debts	22 000	
Stationery	38 000	
Interest income	?	
Dividends on ordinary share capital	459 000	

B. Adjustments and additional information:

(a) Fixed assets

Vehicles:

The business owns TWO vehicles on 28 February 2026. The second vehicle was purchased on 1 November 2025.

Vehicles are depreciated at 15% p.a on cost.

Equipment:

Depreciation at 20% p.a on the diminishing balance method.

Unused equipment was sold for R40 000 on 1 October 2025. Accumulated depreciation on the equipment sold was R36 600 on 1 March 2025.

Extract of the fixed assets Note:

	Vehicles	Equipment
Cost (1 March 2025)	460 000	360 000
Accumulated depreciation (1 March 2025)	(396 750)	(187 595)
Carrying value (1 March 2025)	(i)	172 405
Movements		
Additions	510 000	0
Disposal (at carrying value)	0	(iii)
Depreciation	(ii)	(iv)
Carrying value (28 February 2026)		
Cost (28 February 2026)	970 000	285 000
Accumulated depreciation (28 February 2026)		

- (b) A credit invoice for R36 720 (after deducting a 10% trade discount) issued on 28 February 2026, was not recorded. Goods are marked up at 70% on cost.
- (c) A debtor, Gumbi Nqobani was declared insolvent. His estate paid R2 000, which was 20% of his debt. The balance must be written off as a irrecoverable.
- (d) The rent received from the tenant included the rent for March and April 2026. The rent was increased by 10% per month from 1 January 2026.
- (e) Stationery to the value of R22 600 was used during the year.

(f) The provision for bad debts must be decreased by R2 620

(g) The directors fees includes R385 520, which is the half yearly fees of Dubazane Nosipho the sole director at the beginning of the financial year.

An additional director, appointed on 1 September 2025, received the same fee as Nosipho.

Directors fee increased by 8% on 1 May 2025 and both directors have been paid their fees for March 2026.

(h) The repayments on the loan are fixed at R40 000 per month. (including capitalised interest)

The balances as per loan statement were:

1 March 2025,	R4 300 000
28 February 2026,	R4 090 500

(i) Income tax was calculated at 30% of the net profit before tax.

(j) **After taking all adjustments and additional information above into account**, the net profit after tax was calculated to be R1 890 000

QUESTION 2: STATEMENT OF FINANCIAL POSITION AND NOTES (40 Marks; 30 Minutes)

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

REQUIRED:

2.1 Refer to information D.

Calculate the value of the closing stock using the first-in-first out (FIFO) method for the stock that was omitted on 28 February 2026.

(3)

2.2 Complete the following Notes to the Statement of Financial Position on 28 February 2026.

- Ordinary share capital
- Retained income

(3)

(7)

2.3 Prepare the Statement of Financial Position on 28 February 2026.

(27)

Note: Some information and figures are provided in the ANSWER BOOK.

INFORMATION:

(A) List of balances extracted from the accounting records of Owami Ltd on 28 February, the end of the financial year, unless otherwise stated.

Balance sheet accounts	2026 R	2025 R
Ordinary share capital	9 588 000	7 200 000
Retained income	?	1 620 600
Loan : Zihza Bank	1 405 600	1 678 600
Fixed assets	?	1 907 500
Fixed deposit	760 000	?
Shareholders for dividends	?	420 000
Debtors control	990 000	171 000
Provision for bad debts	?	6 500
Trading Stock	318 000	
Creditors control	210 000	
Bank overdraft (balancing figure)	?	
Petty cash	14 000	
SARS: Income tax (provisional tax payments)	DR 900 300	
Nominal Account Section		
Audit fees	48 000	

(B) Share Capital

1 March 2025	1 200 000	Shares were in-issue
30 June 2025	300 000	Additional shares were issued
30 August 2025	90 000	Shares were repurchased from a retired shareholder. He was paid 20% above the average share price.

(C) Dividends

Interim dividends per share paid 1 August 2025	30 cents
Final dividends per share on 28 February 2026	40 cents

(D) The accountant omitted the closing stock figure of watches in the trading stock balance provided in information A.**Note:**

- The First-in-first-out (FIFO) method is used to value the stock of watches.
- All other relevant entries have been recorded correctly.

The information relating to the stock of watches are as follows:

	Units	Unit price (R)	Total (R)
Stock on 1 March 2025	1 500	1 800	2 700 000
Purchases:			
15 April 2025	400	1 900	760 000
17 July 2025	180	2 200	396 000
20 October 2026	250	2 400	600 000
11 January 2026	220	2 800	616 000
Stock on 28 February 2026	210		
Returns 25 units from January purchases			

(E) Loan Statement from Zihza bank:

The annual loan statement for 2026 reflects the following:

- Balance on 28 February 2025 R 1 678 600
- Balance on 28 February 2026 R 1 523 200
- The repayments on the loan are fixed at R 22 750 per month to cover loan repayments and interest for full period of the loan.

(F) The following adjustments are relevant to complete the Statement of Financial Position:

- The provision for bad debts must be increased by R2 500.
- Only 25% of the audit fees were paid, the balance will be paid in March 2026.

(G) After taking all adjustments above the net profit before tax amounted to R 1 292 500

(H) A credit balance of R17 000 from the debtors ledger must be transferred to the creditors ledger.

(I) R260 000 of the fixed deposit will mature on 1 December 2026.

(J) The following financial indicators were calculated on 28 February 2026, after all adjustments were processed:

- Current ratio 1.6 : 1
- Earnings per share 66 cents



QUESTION 3: CASH FLOW , RATIO'S AND AUDIT AND CORPORATE GOVERNANCE
(30 marks; 25 minutes)

3.1 CASH FLOW AND RATIO'S

BHENGU LIMITED.

You are provided with information related to Bhengu LTD.

REQUIRED:

3.1.1 Complete the Cash Flow Statement for the year ended 28 February 2026. (14)

3.1.2 Calculate the following financial indicators for the financial year ended 28 February 2026.

Net asset value per share (NAV) (3)

Debt/equity ratio (3)

INFORMATION:

Extract from the Income Statement:

	28 February 2026 R
Interest on loan (capitalised)	144 000
Net profit before tax	?
Income tax for the year (28%)	210 000
Net profit after tax	?

The following figures were extracted from the financial records on 28 February:

	28 February 2026 R	28 February 2025 R
Ordinary share capital	1 680 000	1 440 000
Retained income	479 000	317 000
Non-current liabilities	1 062 000	1 240 000
Fixed/Tangible assets	2 795 000	2 185 000
Financial asset	700 000	740 000
Debtors control	345 000	429 000
Cash and cash equivalents	613 000	5 000
Shareholders for dividends	252 000	81 000
SARS (Income tax)	Dr 2 000	Cr 24 000
Bank overdraft		85 000

B. Share capital

- 320 000 shares were in-issue on 28 February 2025
- 200 000 new ordinary shares were issued on 1 September 2025.
- 100 000 ordinary shares were repurchased on 1 February 2026 at 80 cents above the average issue price of R4. (Transaction was properly recorded).

C. Fixed assets

- Additional property was purchased for R 836 000 during the year.
- Equipment was sold for R72 000 on carrying value during the year.

D. Interim dividends of R 126 000 was paid on 30 September 2025.

AUDIT REPORTS AND CORPORATE GOVERNANCE**3.2 AUDIT REPORTS**

You are provided with extracts from the independent audit reports of Lubanzi Ltd and Nonzuzo Ltd

Extract from audit report of Lubanzi Ltd:

In our opinion, the financial statements fairly present, in all material respects, the financial position of this company on 28 February 2026 and the results of their operations and cash flow for the year ended under International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Extract from audit report of Nonzuzo Ltd:

We found that the internal control procedures were not adhered to – and that documentation did not exist for a significant portion of the transactions tested.

Because of the significance of the matter described in the previous paragraph, we could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Therefore, we do not express an opinion on the financial statements for the year ended 28 February 2026.

REQUIRED:

- 3.2.1 The board of directors has different committees with different functions. Choose the function in COLUMN B that matches the committee in COLUMN A. Write only the letter (A – D) next to the question numbers (i) to (iv) in the ANSWER BOOK

(i)	Audit committee	A	Review salaries, bonuses and other earnings.
(ii)	Remuneration committee	B	Responsible for performing risk assessment regularly.
(iii)	Social and ethics committee	C	Ensure that the appointment of an auditor complies with the Companies Act.
(iv)	Risk committee	D	Monitor the impact of the public activities and their products or service to the environment, health and public safety.

(4)

- 3.2.2 Comment on the audit reports of both companies. If you want to buy shares in a company.

- explain how the report will affect your decision concerning the shares you would purchase in the company (2)

- 3.2.3 The purpose of a business rescue plan is to provide a company with temporary supervision and protection against its creditors, to give them a 'breathing space' to re-organise and restructure its financial affairs. Name TWO parties who might be affected by a business rescue plan. (2)

- 3.2.4 Who is the audit report addressed to? Give a reason for your answer. (1)

- 3.2.5 Give ONE examples of audit evidence that the auditors would have required to complete the audit. (1)

QUESTION 4: INTERPRETATION OF FINANCIAL INFORMATION (45 marks; 35 minutes)

You are provided with information relating to two companies, Ladysmith Ltd and Dundee Ltd, for the financial year ended 30 April 2026.

REQUIRED:

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

4.1 Profitability/Operating efficiency:

Refer to information A.

Identify and explain which company has been more efficient in controlling its operating activities. Quote TWO financial indicators. (5)

4.2 Liquidity:

Refer to information A.

4.2.1 Identify and explain which company has better liquidity financial indicators. Quote TWO financial indicators. (3)

4.2.2 Explain ONE concern you have about the liquidity of the other company. Quote ONE financial indicator. (2)

4.3 Dividends:

Refer to information A.

Comment on the difference between the dividend pay-out policies implemented by the directors of the two companies and explain ONE possible reason for EACH of their decisions in their respective companies. Quote figures or indicators. (6)

4.4 Gearing, risk, financing and investing activities

Refer to information A, B and C

4.4.1 Explain the specific decisions taken by the directors of EACH company that have affected gearing and risk. Quote rand amounts. (4)

4.4.2 Comment on the gearing and risk of Dundee Ltd. Quote TWO financial indicators. (4)

4.4.3 At the Ladysmith Ltd AGM, an angry shareholder said that the directors' aggressive strategies would probably lead to the failure of the company in future. Explain TWO points why the shareholder might feel this way. (5)

4.5 Market prices of shares:

Refer to information A and B.

Shareholders of Ladysmith Ltd are not satisfied with the market price of their shares, whereas the shareholders of Dundee Ltd are satisfied. Explain by quoting figures or indicators and, for EACH company, identify a factor that would have affected the market price of the shares.

(6)

4.6 Shareholding of Jiyane Luleko in Ladysmith Ltd and Dundee Ltd:

Refer to information B and D.

Jiyane invested a total of R10.2 m in the companies in 2022. She is unsure whether changes in his shareholding and share prices have benefited her. Jiyane wants to sell 19 000 of Dundee Ltd shares on the JSE.

4.6.1 Provide calculations to show the change in Jiyane's % shareholding in Dundee Ltd over the financial year. Comment on his % shareholding in EACH company.

(4)

4.6.2 Calculate the total profit or loss he is currently making on his shares in EACH company. Advise if it wise to sell 19 000 shares in Dundee Ltd, or not.

(6)

INFORMATION:

A. FINANCIAL INDICATORS

	LADYSMITH LTD		DUNDEE LTD	
	2026	2025	2026	2025
% Operating expenses on sales	24%	25%	27%	26%
% Operating profit on sales	14%	12%	21%	18%
% Net profit on sales	6%	5.5%	10%	8%
Current ratio	1 : 1	0.9 : 1	1.9 : 1	1.4 : 1
Acid test ratio	0.5 : 1	0.6 : 1	1.6 : 1	1 : 1
Stock turnover rate	13 times	14 times	21 times	16 times
Debt-equity ratio	0.3 : 1	0.5 : 1	1.3 : 1	0.6 : 1
Net asset value per share (NAV)	R30.50	R22.90	R26.2	R24.90
Earnings per share (EPS)	R3.10		R5.50	
Dividends per share (DPS)	R1.90	R1.40	R6.40	R2.80
Dividend pay-out rate	61.3%		116.4%	
% return on shareholders' equity (ROSHE)	8%	11%	17%	12%
% return on total capital employed (ROTCE)	11%		18%	

B. SHARE PRICES, EQUITY, LOANS AND INTEREST

	LADYSMITH LTD 2026	DUNDEE LTD 2026
Issue price	R32	
Market price on stock exchange	R23	R33
Repurchase price per share	R0.00	R28.00
Interest rate on loans	11%	11%
Interest expense	R825 000	R1 925 000
Loans at year-end	R7 500 000	R17 500 000
Shareholders' equity at year-end	R27 450 000	R15 720 000

C. EXTRACT FROM CASH FLOW STATEMENT

	LADYSMITH LTD 2026	DUNDEE LTD 2026
Financing activities	R7 100 000	R(4 280 000)
300 000 new shares issued	9 600 000	0
260 000 shares repurchased	0	(7 280 000)
Change in loan	(2 500 000)	3 000 000
Investing activities	(3 300 000)	880 000
Change in fixed assets	(3 100 000)	730 000
Change in investments	(200 000)	150 000

D. SHAREHOLDING OF JIYANE LULEKO IN EACH COMPANY

		LADYSMITH LTD	DUNDEE LTD
Shares owned by Jiyane Luleko since 2022		200 000 shares	320 000 shares
% shareholding on	1 May 2025	33.3%	37.2%
	30 April 2026	22.2%	?
Price paid per share on	1 May 2022	R27.00	R15.00
Total shares in issue on	1 May 2025	600 000 shares	860 000 shares
	30 April 2026	900 000 shares	600 000 shares

45

TOTAL MARKS: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$$

Total assets : Total liabilities

Current assets : Current liabilities

(Current assets – Inventories) : Current liabilities

Non-current liabilities : Shareholders' equity

(Trade and other receivables + Cash and cash equivalents) : Current liabilities

$$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$$

$$\frac{\text{Cost of sales}}{\text{Average trading stock}}$$

$$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$$

$$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$$

$$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$$

$$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$$

(*See note 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

- In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice.



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PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P1

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ANSWER BOOK

JUNE 2026

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Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE DISTRICT	MOD BY THE PROVINCE
1					
2					
3					
4					
TOTAL					

N.B. This answer book consists of 11 pages.

QUESTION 1

1.1.1

	Calculate	Answer
(i)	Carrying value	
(ii)	Depreciation on Vehicles	
(iii)	Disposal at carrying value	
(iv)	Depreciation on equipment	

12

1.1.2

Calculate the profit / loss on the sale of equipment on 1 October 2025	

3

1.2.1 Statement of Comprehensive Income for the year ended on 28 February 2026

Sales (13 065 280	
Cost of sales (7 698 000	
Gross profit	
Other operating income	
Service fee income	332 410
Rent income (331 200	
Gross operating profit	
Operating expenses	
Salaries and wages	1 500 000
Audit fees	96 000
Packing material	75 000
Insurance	82 000
Operating profit	2 900 000
Interest income	70 500
Operating profit before interest expense	2 970 500
Interest expense	(270 500)
Net profit before tax	2 700 000
Income tax	(810 000)
Net profit after tax	1 890 000

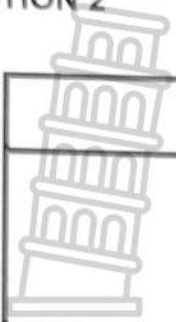
20

TOTAL MARKS

35

QUESTION 2

2.1

Calculation of omitted stock	Answer
	

3

2.2 Ordinary Share Capital Note on 28 February 2026

AUTHORISED SHARES:		
5 000 000 SHARES		
ISSUED SHARES:		
1 200 000		7 200 000
300 000		
(90 000)		
1410 000		

3

Retained income Note on 28 February 2026.

Balance at the beginning	1 620 600

7

2.3 Statement of Financial Position on 28 February 2026.

Assets	
Non-current assets	
Tangible assets	
Fixed deposit (760 000)	
Current assets	
Inventory (318 000)	
Trade and other receivables (990 000)	
Cash and cash equivalent (14 000)	
Total assets	
Equity and liabilities	
Shareholders' equity	
Ordinary share capital	9 588 000
Retained income	
Non-current liabilities	
Loan (1 523 200)	
Current liabilities	
Trade and other payables (210 000)	
Total equity and liabilities	

27

TOTAL MARKS

40

QUESTION 3

3.1 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities	
Cash generated from operations	
Interest paid	(144 000)
Dividends paid (81 000 + 126 000)	(207 000)
Cash flow from investing activities	(724 000)
Purchases form Fixed assets	(836 000)
Proceeds from sale of fixed assets	72 000
Changes in financial assets	40 000
Cash flow from financing activities	
Cash and cash equivalent at the end	

14

Net asset value per share (NAV)

3

Debt/equity ratio

3

AUDIT REPORTS AND CORPORATE GOVERNANCE

3.2.1 Choose the function in COLUMN B that matches the committee in COLUMN A. Write only the letter (A–D) next to the question numbers.

(i)	
(ii)	
(iii)	
(iv)	

4

3.2.2 Explain how the report will affect your decision concerning the shares you would purchase in the company

Lubanzi Ltd:

Nonzuzo Ltd:

2

3.2.3 Name TWO parties who might be affected by a business rescue plan.

2

3.2.4 Who is the audit report addressed to? Give a reason for your answer.

1

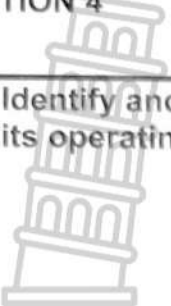
3.2.5 Give ONE examples of audit evidence that the auditors would have required to complete the audit.

1

TOTAL MARKS
30

QUESTION 4

- 4.1 Identify and explain which company has been more efficient in controlling its operating activities. Quote TWO financial indicators.



5

- 4.2.1 Identify and explain which company has better liquidity financial indicators. Quote TWO financial indicators.

3

- 4.2.2 Explain ONE concern you have about the liquidity of the other company. Quote ONE financial indicator.

2

4.3

Comment on the difference between the dividend pay-out policies implemented by the directors of the two companies and explain ONE possible reason for EACH of their decisions in their respective companies. Quote figures or indicators.

	COMMENT ON POLICIES (WITH FIGURES)	POSSIBLE REASON FOR DECISION
LADYSMITH LTD		
DUNDEE LTD		

6

4.4.1

Explain the specific decisions taken by the directors of EACH company that have affected gearing and risk. Quote rand amounts.

LADYSMITH LTD	
DUNDEE LTD	

4

4.4.2

Comment on the gearing and risk of Dundee Ltd. Quote TWO financial indicators.

--

4

- 4.4.3 At the Dundee Ltd AGM, an angry shareholder said that the directors' aggressive strategies would probably lead to the failure of the company in future. Explain TWO points why the shareholder might feel this way.



5

- 4.5 Shareholders of Ladysmith Ltd are not satisfied with the market price of their shares, whereas the shareholders of Dundee Ltd are satisfied. Explain by quoting figures or indicators and, for EACH company, identify a factor that would have affected the market price of the shares.

LADYSMITH LTD	
DUNDEE LTD	

6

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- 4.6.1 Provide calculations to show the change in Jiyane's % shareholding in Dundee Ltd over the financial year. Comment on his % shareholding in EACH company

Comment on his % shareholding in EACH company	
LADYSMITH LTD	
DUNDEE LTD	

4

4.6.2

Calculate the total profit or loss he is currently making on his shares in EACH company. Advise if it wise to sell 19 000 shares in Dundee Ltd, or not.

LADYSMITH LTD	DUNDEE LTD

Advise if it wise to sell 19 000 shares in Dundee Ltd, or not.

Expected responses:

6

TOTAL MARKS
45

TOTAL MARKS: 150

EDUCATION
REPUBLIC OF SOUTH AFRICA

GRADE 12

MARKING GUIDELINES

JUNE 2026

Mr. G. van Breda



Examination 19/06/2021

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item).
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for correct answer. If answer incorrect, mark the workings.
4. If a pre-adjustment figure is shown as the final figure, award part-mark as a working mark 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 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 a certain question.
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 the reasonableness of the answer.
11. 'Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷, or per candidate's calculation (if valid) 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, indicate with a ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f=foreign item; p=placement.

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Please Turn Over

QUESTION 1

1.1.1

	Calculate	Answer
	Carrying value	
(i)	$460\,000 - 396\,750$	63 250 ✓
	Depreciation on vehicles	
	$63\,250 - 1 = 63\,249 ✓✓$	
(ii)	$510\,000 \times 15/100 \times 4/12 = 25\,500 ✓✓$	88 749 ✓ operation one part correct
	Disposal at carrying value	
(iii)	$75\,000 - 36\,600 = 38\,400 \times 20/100 \times 7/12 = 4\,480 ✓✓$	
	$38\,400 - 4\,480$	33 920 ✓ operation one part correct
	$75\,000 - 36\,600 - 4\,480$	
	Depreciation on equipment	
	$285\,000 - 150\,995 = 134\,005 \times 20/100$	
	OR	
	$172\,405 - 38\,400 = 134\,005 \times 20/100$	
(iv)	$= 26\,801 ✓$	31 281 ✓ operation one part correct
	$4\,480 ✓ + 26\,801$	
	See (iii) above	

12

1.1.2

Calculate the profit / loss on the sale of equipment on 1 October 2025

$40\,000 ✓ - 33\,920 ✓$ see (iii) above	6 080 ✓ profit operation one part correct
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3

M. G. van der Merwe
 Examiner 19/06/2026

1.2.1 Statement of Comprehensive Income for the year ended on 28 February 2026

Sales (13 065 280 + 36 720✓)	13 102 000
Cost of sales (7 698 000 + 24 000✓)	(7 722 000)
Gross profit Operation one part correct	5 380 000
Other operating income Operation	621 710
Service fee income	332 410
Rent income (331 200 – 50 600✓)	280 600
Profit on sale of an asset see 1.1.2	6 080
Provision for bad debts adjustment	2 620
Gross operating profit	6 001 710
Operating expenses Operation	(3 101 710)
Salaries and wages	1 500 000
Audit fees	96 000
Packing material	75 000
Insurance	82 000
Directors fees (1 307 840 – 131 760✓)	1 176 080
Bad debts (22 000 + 8 000✓)	30 000
Stationery (38 000 – 15 400)	22 600
Depreciation (88 749✓ + 31 281✓) See 1.1 operation one part correct	120 030
Operating profit	2 900 000
Interest income	70 500
Operating profit before interest expense	2 970 500
Interest expense	(270 500)
Net profit before tax	2 700 000
Income Tax	(810 000)
Net profit after tax	1 890 000

Foreign entry -1 max -2

TOTAL MARKS
35

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QUESTION 2

2.1

Calculation of omitted stock	Answer
$195 \times 2\,800 = 546\,000 \checkmark$ $15 \times 2\,400 = 36\,000 \checkmark$	582 000 operation one part correct

☒

3

2.2

Ordinary Share Capital Note on 28 February 2026

AUTHORISED SHARES:		
5 000 000 SHARES		
ISSUED SHARES:		
1 200 000	Shares in issue at the beginning	7 200 000
300 000	Shares issued @ R10	3 000 000
(90 000)	Buy back of shares @ R6,80 operation	(612 000)
1 410 000		9 588 000

V

☒

✓

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Retained income Note on 28 February 2026.

Balance at the beginning		1 620 600
Net profit after tax $(66 \times 1410\,000) / 100$	*accept 894 300	930 600
Buy back of shares $(90\,000 \times 1.36)$ or $612\,000 \times 20/100$		(122 400)
Dividends	operation one part correct	(1 014 000)
Paid $(1\,500\,000 \times 0.30)$		450 000
Final $(1\,410\,000 \times 0.40)$		564 000
Balance at the end	accept 1 378 500 operation one part correct	1 414 800

✓

✓

☒

10

22

☒

7

* 1 355 000 x 66 cents

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18
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2.3 Statement of Financial Position on 28 February 2026.

Assets		
Non-current assets	(TA – CA)	11 556 100 ✓
Tangible assets	(NCA – FD)	11 056 100 ✓
Fixed deposit	(760 000 – 260 000✓)	500 000 ✓
Current assets	Operation	2 172 000 ✓
Inventory	(318 000 + 582 000 ✓ see 2.1)	900 000 ✓
Trade and other receivables	(990 000 - 9 000 ✓ + 17 000✓) operation one part correct	998 000 ✓
Cash and cash equivalent	(14 000 + 260 000✓) see FD	274 000 ✓
Total assets	Operation	13 728 100 ✓
Equity and liabilities		
Shareholders' equity	Operation	11 002 800 ✓
Ordinary share capital		9 588 000
Retained income	see 2.2	1 414 800 ✓
Non-current liabilities		1 367 800
Loan	(1 523 200 – 155 400✓)	1 367 800 ✓
Current liabilities	*CA /1.6	1 357 500 ✓
Trade and other payables	(210 000 + 144 000✓ + 17 000✓) operation one part correct	371 000 ✓
SARS- Income tax	(361 900 – 300 900) accept 97 300	61 000 ✓✓
Shareholders for dividends		564 000 ✓
Current portion of loan	see NCL	155 400 ✓
Bank overdraft	accept 169 200	206 100 ✓
Total equity and liabilities	operation	13 728 100 ✓

27

TOTAL MARKS
40

M. G. Linsley
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3.1.1 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities		
Cash generated from operations		
Interest paid		(144 000)
Dividends paid (81 000 + 126 000)		(207 000)
Tax paid (210 000✓ + 24 000✓ + 2 000✓) OR (-210 000 - 24 000 - 2 000)		(236 000)
operation one part correct		
Cash flow from investing activities		(724 000)
Purchases form Fixed assets		(836 000)
Proceeds from sale of fixed assets		72 000
Changes in financial assets		40 000
Cash flow from financing activities		(18 000)
Proceeds from shares issued	two or nothing	640 000
Buy-back of shares (100 000 x 4.80)		(480 000)
Changes in loan (1 062 000 – 1 240 000)		(178 000)
Net change in cash and cash equivalent	operation one part correct	693 000
Cash and cash equivalent at the beginning (- 85 000✓ + 5 000✓)		(80 000)
Cash and cash equivalent at the end		613 000

Net asset value per share (NAV)

$$2\,159\,000 \checkmark \times 100$$

420 000 ✓

= 514 cents ☒ or 514.1 one part correct

Debt/equity ratio

1 062 000✓ : 2 159 000✓

0.5 : 1 ☒ one part correct

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AUDIT REPORTS AND CORPORATE GOVERNANCE

3.2.1 Choose the function in COLUMN B that matches the committee in COLUMN A. Write only the letter (A–D) next to the question numbers.

(i)	C✓
(ii)	A✓
(iii)	D✓
(iv)	B✓

4

3.2.2 Explain how the report will affect your decision concerning the shares you would purchase in the company

Lubanzi Ltd: Comment on and Explanation ✓

Lubanzi Ltd received an unqualified report which means that you can rely on the financial information in the financial statements decide on purchasing the shares.

Nonzuzo Ltd: Comment on and Explanation ✓

Nonzuzo Ltd received a disclaimer audit report. It means that you cannot rely fully on the financial statements in deciding on investing in the company.

2

3.2.3 Name TWO parties who might be affected by a business rescue plan.

ANY TWO ✓ ✓

Creditors, shareholders, employees, trade unions, SARS, Banks, Directors

2

3.2.4 Who is the audit report addressed to? Give a reason for your answer.

One mark for audit report addressed to and a reason

The shareholders. They are the owners of the company and have appointed the auditors. ✓

1

3.2.5 Give ONE examples of audit evidence that the auditors would have required to complete the audit.

Asset registers; ✓ Journals; Debtors' statements; Physical inspections; Signed contracts; Source documents (list e.g. invoice, receipts, etc. only one mark); Creditors' statements; Bank statement

1

TOTAL MARKS

30

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QUESTION 4

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- 4.1 Identify and explain which company has been more efficient in controlling its operating activities. Quote TWO financial indicators.

Name of the Company : Dundee LTD ✓

Financial indicator and Explanation ✓✓ ✓✓

- % operating profit on sales increased by 3 points / 16.6%
- % Net profit on sales increased by 2 points / 25%

Mentioning a trend only no mark

Do not accept the % operating expense on sales

5

- 4.2.1 Identify and explain which company has better liquidity financial indicators. Quote TWO financial indicators.

Name of the Company: Dundee LTD ✓

Financial indicator and Explanation ✓ ✓

- Current ratio increased by 0.5 / 35.7%
- Acid test ratio increased by 0.6 / 60%
- Stock turnover rate increased by 5 times / 31.3%
- Stock piling decreased by 0.1 / 25%

Mentioning a trend only no mark

3

- 4.2.2 Explain ONE concern you have about the liquidity of the other company. Quote ONE financial indicator.

Stock piling increased by 0.2 / 66.6%
 Stock turnover rate decreased by 1 time / 7.1%.
 Acid test ratio decreased by 0.1 / 16.7%

Explanation company not mentioned above with financial indicator and figures ✓✓

2

- 4.3 Comment on the difference between the dividend pay-out policies implemented by the directors of the two companies and explain ONE

possible reason for EACH of their decisions in their

possible reason for EACH of their decisions in their respective companies.
Quote figures or indicators.

	COMMENT ON POLICIES (WITH FIGURES)	POSSIBLE REASON FOR DECISION
LADYSIMTH LTD COMMENT ✓ FIGURE/S ✓ + REASON ✓	- Dividend pay-out rate is 61.3% / company gives 61.3 % of EPS to shareholders - They retain 38.7% as a reserve for the company - Paid 190 cents of 310 cents EPS (61%)/ retained 120 cents for future growth	- To allow for expansion /growth - Decided to hold funds in reserve for contingencies.
DUNDEE LTD COMMENT ✓ FIGURE/S ✓ + REASON ✓	- Dividend pay-out rate is 116.4%/ used retained income to pay dividends - Dividends of 640 cents exceeds the EPS of 550 cents / negative effect of 90 cents	- Trying to keep shareholders satisfied with their investment - Directors want to create positive image of company or for directors to be re-elected.

6

4.4.1 Explain the specific decisions taken by the directors of EACH company that have affected gearing and risk. Quote rand amounts.

LADYSMITH LTD	Award one mark in each to decision & amount: Issued shares R9 600 000✓ Repaid loan R2 500 000✓ Do not accept : fixed assets or investments
DUNDEE LTD	Award one mark in each to decision & amount: Shares repurchased R7 280 000✓ Increased loan R 3 000 000✓ Do not accept : fixed assets or investments

4

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4.4.2 Comment on the gearing and risk of Dundee Ltd. Quote TWO financial indicators.

Indicator with figures ✓

mention high risk ✓

mention positive gearing ✓

- Debt/equity ratio of 1.3 : 1 indicate a high risk / an over- reliance on borrowed capital / bordering on insolvency.
- ROTCE of 18 % indicate positively gearing better than interest rate of 11%. Making effective use of capital employed to generate profit

4

4.4.3 At the Dundee Ltd AGM, an angry shareholder said that the directors' aggressive strategies would probably lead to the failure of the company in future. Explain TWO points why the shareholder might feel this way.

Two valid items identified with figures

Accept other valid alternatives

Part marks for unclear answer.

1

Overall comment could be embedded in comments on strategies:

candidates must mention why these decisions could create problems for the company. ✓

Dundee Ltd Explanation for two marks

- Shares repurchased (R7 280 000)
- Increase in loan (R 3 000 000)
- Disposal of assets (R730 000)
- Redeeming fixed deposit (R150 000)

explanation for one mark

- big cash flow problems/ creating false impression of the share value (downsizing)
- placing the company at high risk
- reducing productive capacity
- investment opportunity lost

Ladysmith LTD EXPLANATION FOR TWO MARKS

- Issued more shares (300 000)
- Repayment of loan of R2 500 000
- Purchasing of fixed assets for R3 100 000

Explanation for one mark

- dilutes the ownership.
- affected a positive change in a current ratio.
- causing cash flow problem.

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4.5

Shareholders of Ladysmith Ltd are not satisfied with the market price of their shares, whereas the shareholders of Dundee Ltd are satisfied. Explain by quoting figures or indicators and, for EACH company, identify a factor that would have affected the market price of the shares.

LADYSMITH LTD	Market price of R23 is below the NAV of R30.50 by R7.50 ✓ Identify factor with figures) ✓✓ Accept other valid alternatives • Low demand • Reluctance to buy shares in this company • ROSHE dropped • Retained income less than previous year
DUNDEE LTD	Market price of R33 is better than the NAV of R26.2 by R6.8 ✓ Identify factor (with figures) ✓✓ Accept other valid alternatives • Shares are in demand • Investors have confidence in company • Improved returns (ROSHE) • Positive image

6

4.6.1

Provide calculations to show the change in Jiyane's % shareholding in Dundee Ltd over the financial year. Comment on his % shareholding in EACH company

$$320\,000 / 600\,000 \times 100 = 53.3\% \checkmark \checkmark$$

Comment on his % shareholding in EACH company

LADYSMITH LTD Any ONE point ✓	He is still a minority shareholder (little influence on decisions) Her % shareholding dropped further (from 33.3% to 22.2%) Did not buy additional shares when shares were issued
DUNDEE LTD Any ONE point ✓	She is now a majority shareholder as a result of the repurchase of the shares / shareholding increased. Decrease in share capital resulted in her gaining control by 53.3% by 16.1 point / 43.3%

4

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4.6.2 Calculate the total profit or loss he is currently making on his shares in EACH company. Advise if it wise to sell 19 000 shares in Dundee Ltd, or not.

LADYSMITH LTD	DUNDEE LTD
Invested: $200\,000 \times 27 = R5\,400\,000$ Now worth: $200\,000 \times 23 = R4\,600\,000$ Loss of investment R 800 000 ✓✓ Or $4 \times 200\,000 = 800\,000$ Also accept 14.8% two marks	Invested: $320\,000 \times 15 = 4\,800\,000$ Now worth: $320\,000 \times 33 = 10\,560\,000$ Growth in investment: R5 760 000 ✓✓ Or $18 \times 320\,000 = R5\,760\,000$ Also accept 120% two marks

6

Advise if it wise to sell 19 000 shares in Dundee Ltd, or not.

One valid point (with figures) ✓✓ could be influenced by on profit / loss above.
 Part marks could be awarded for unclear or partial answer.

Expected responses:

- It is wise to sell because the share price is currently high (R33)
- It might not be wise to sell if the share price increased above R33 in future.
- She will raise R627 000 in total ($19\,000 \times 33$)
- He will gain a profit of R342 000 on this sale
- She will be still a majority shareholder $301\,000/600\,000 = 50.2\%$

TOTAL MARKS

45

TOTAL MARKS: 150