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**SA EXAM
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SA EXAM PAPERS
Proudly South African



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P1

MARKING GUIDELINES

MARCH

2026

MARKS: 100

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.

SA EXAM PAPERS

This marking guideline consists of 7 pages.

Proudly South African

QUESTION 1

1.1

Statement of Comprehensive Income for the year ended on 28 February 2026	
Sales	10 600 000
Cost of sales (10 600 000 + 400 000 ✓) 100/160 one part correct	(6 875 000) ✓ <input checked="" type="checkbox"/>
Gross profit	3 725 000
Other operating income	180 000 ✓
Rent income	170 000
Bad debts recovered	8 000
Provision for bad debts adjustment (3 775 – 1 775)	2 000 ✓
Gross operating profit	3 905 000
Operating expenses operation one part correct	(2 068 000) <input checked="" type="checkbox"/>
Salaries and wages	910 000
Stationery	11 000
Insurance	12 000
Depreciation	21 000
Audit fees (24 500 + 9 500 ✓)	34 000 ✓
Directors fees (1 095 000 + 30 000 ✓ – 45 000 ✓) one part correct	1 080 000 <input checked="" type="checkbox"/>
Operating profit	1 837 000
Interest income balancing figure	163 000 <input checked="" type="checkbox"/>
Operating profit before interest expenses	2 000 000
Interest expenses	(230 000) ✓
Net profit before taxation	1 770 000 ✓
Taxation (441 000 ✓ + 90 000 ✓)	(531 000) ✓
Net profit after tax	1 239 000 ✓

18

Foreign entry -1 max -2



1.2 Statement of Financial Position on 28 February 2026.

Assets		
Non-current assets	13 783 000	<input checked="" type="checkbox"/>
Tangible assets	13 633 000	<input checked="" type="checkbox"/>
Fixed deposit	150 000	
Current assets	Operation	1 494 000 <input checked="" type="checkbox"/>
Inventory (622 000 + 4 000 <input checked="" type="checkbox"/>)		626 000 <input checked="" type="checkbox"/>
Trade and other receivables (249 800 [✓] + 5 000 [✓] - 1 775 [✓] + 45 000 [✓] + 3 975 [✓])		302 000 <input checked="" type="checkbox"/>
Cash and cash equivalent (545 000 + 21 000)	two or nothing	566 000 <input checked="" type="checkbox"/>
Total assets	Operation	15 277 000 <input checked="" type="checkbox"/>
Equity and liabilities		
Shareholders' equity (7 500 000 x 150) 100		11 250 000 <input checked="" type="checkbox"/>
Ordinary share capital		9 000 000
Retained income		2 250 000 <input checked="" type="checkbox"/>
Non-current liabilities		2 588 500
Loan (2 850 000 [✓] - 261 500 [✓]) operation one part correct		2 588 500 <input checked="" type="checkbox"/>
Current liabilities	operation	1 438 500 <input checked="" type="checkbox"/>
Trade and other payables (320 000 [✓] + 9 500 [✓] + 2 500 [✓] + 5 000 [✓])		337 000 <input checked="" type="checkbox"/>
SARS-Income tax		90 000 <input checked="" type="checkbox"/>
Shareholders for dividends		750 000 <input checked="" type="checkbox"/>
Current portion of loan see NCL		261 500 <input checked="" type="checkbox"/>
Total equity and liabilities	operation	15 277 000 <input checked="" type="checkbox"/>

29

TOTAL MARKS

47



QUESTION 2**2.1 Ordinary Share Capital Note on 28 February 2026**

AUTHORISED SHARES:		
5 000 000 SHARES		
ISSUED SHARES:		
2 000 000 ✓	Shares in issue operation	4 000 000 ✓
(500 000) ✓	Buy back of shares @ R2 operation	(1 000 000) ✓
800 000 ✓	Shares issued @ R2.50	2 000 000 ✓
2 300 000 ✓	Operation	5 000 000 ✓

8

2.2 Retained income Note on 28 February 2026.

Balance at the beginning	operation one part correct	3 500 000 ✓
Net profit after tax		2 800 000 ✓
Buy back of shares (500 000 x 0.90)		(450 000) ✓
Dividends	operation one part correct	(1 365 000) ✓
Paid (1 500 000 x 0.45)		675 000 ✓
Final (2 300 000 X 0.30)		690 000 ✓
Balance at the end		4 485 000 ✓

7



2.3 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities	
Cash generated from operations	
Interest paid	(230 000)
Dividends paid (675 000✓ + 580 000✓) operation one part correct (580 000 one mark + 1 365 000 one mark - 690 000 one mark)	(1 255 000)✓✓
Taxation paid (1 200 000✓ - 1 500 000✓ + 800 000✓) operation one part correct	(500 000) ✓
(800 000 one mark + 1 500 000 one mark - 1 200 000 one mark)	
Cash flow from investing activities	
Purchases of Fixed assets operation one part correct (7 020 000✓ + 81 000✓ + 1 200 000✓ - 6 000 000✓) OR (6 000 000 - 81 000 - 1 200 000 - 7 020 000 one mark one mark one mark one mark)	(2 301 000) ✓
Proceeds from sale of fixed assets	1 200 000
Changes in financial assets	50 000
Cash flow from financing activities	
Proceeds from shares issued see 2.1	2 000 000 ✓
Buy-back of shares (500 000 x 2.90) OR (1 000 000 + 450 000) see 2.1 and 2.2	(1 450 000) ✓
Changes in loan	(400 000) ✓
Net change in cash and cash equivalent operation one part correct	649 000 ✓
Cash and cash equivalent at the beginning (28 000 - 6 000)	(22 000) ✓✓
Cash and cash equivalent at the end	627 000 ✓

20

TOTAL MARKS
35



QUESTION 3

3.1.1 Quote and explain TWO financial indicators which proves that directors managed to control expenses more efficiently and the company is more profitable.

Financial indicator ✓ ✓ and trend ✓ ✓

Operating expenses on sales decreased from 17% to 13.4% by 3.6 basis point/21.2%

% Operating profit on sales increased from 20.7% to 23.4% by 2.7basis point/13.%

Do not accept % net profit on sales since it decreased.

4

3.1.2 Explain how the change in the dividend pay-out rate in 2026 will benefit the company.

Financial indicator and trends ✓ ✓ and Explanation ✓

Dividend pay-out rate decreased from 72% to 59 % by 13 basis point/ 18.1%

Explanation any relevant answer

The business show future plans to improve profitability.

The business retained 41% for future development

3

Comment on the dividend per share over the two years. Quote figures.

Comments for TWO marks

Dividend per share decreased by 28.6%

Dividend decreased from 56 cents to 40 cents by 16 cents

ONE MARK

Dividend decreased from 56 cents to 40 cents.

2

Comment on the % return on shareholders' equity of the company.

A Financial indicator with a figure and a trend ✓ ✓ compared to interest on alternative investment ✓

ROSHE increased from 10.1% to 12.4% by 2.3 basis point/22.7%

ROSHE of 12.4% is above the interest on fixed deposit of 9.5% by 2.9%, shareholders are receiving a better returns than alternative investment.

3



3.1.3 Comment on how the increase in the loan affected the risk and gearing in 2026. Quote TWO financial indicators. State ONE point in each case (with figures).

Financial indicator , figure, trends ✓✓ and Explanation ✓

Debt-equity ratio increased from 0.2 : 1 to 0.4 : 1 by 0.2 (100%) this indicate a low risk

A Financial indicator with a figure and a trend ✓✓ compared to interest on loan and Explanation ✓

ROTCE increased from 14.2% to 17.1 % by 2.9 basis point/20.4%. ROTCE of 17.1% is above the interest on loan of 13% by 4.1%. This indicate a positive gearing.

Max -1 for superfluous additional financial indicators mentioned.

6

TOTAL MARKS
18

TOTAL MARKS: 100