education
Department of Education
FREE STATE PROVINCE

GRADE 12 - EXAMINATION
ACCOUNTING P1 - JUNE 2026

SURNAME: ______________________________

NAME: ______________________________

SCHOOL: ______________________________

QUESTION	MARKS	MARKER	MODERATOR
1			
2			
3			
4			
TOTAL	150		

This answer book consists of 10 pages.

QUESTION 1

1.1

Calculate: Value of closing stock	
WORKINGS	**ANSWER**

5

1.2

(a) Calculate: Accumulated depreciation on vehicles	
WORKINGS	**ANSWER**

2

(b) Calculate: Depreciation on equipment for the year	
WORKINGS	**ANSWER**

5

(c) Calculate: Disposal at carrying value on vehicles	
WORKINGS	**ANSWER**

5

1.3 **RETAINED INCOME NOTE ON 31 May 2026**

Balance at beginning of the year		
Ordinary share dividends	(440 000)	
Balance at the end of the year	1 045 000	

10

1.4 Statement of Financial Position on 31 May 2026

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Fixed deposit	**582 000**
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	**2 800 000**
Ordinary share capital	**1 755 000**
Retained income	**1 045 000**
NON-CURRENT LIABILITIES	
Mortgage loan	
CURRENT LIABILITIES	
TOTAL EQUITY AND LIABILITIES	

28

TOTAL MARKS
55

QUESTION 2

2.1 RECONCILIATION OF PROFIT BEFORE TAXATION AND CASH GENERATED FROM OPERATIONS NOTE.

Adjustments for:	
Depreciation	453 000
Interest expense	252 000
Operating profit before changes in working capital	
Changes in working capital	
Cash generated from operations	

12

2.2 CASH FLOW STATEMENT

A. Dividends paid

WORKINGS	ANSWER

5

B. Taxation paid

WORKINGS	ANSWER

4

C. Change in investments

WORKINGS	ANSWER

1

D. Proceeds from shares issued		
WORKINGS	**ANSWER**	
		2

E. Repurchase of shares		
WORKINGS	**ANSWER**	
		3

F. Net change in cash and cash equivalents		
WORKINGS	**ANSWER**	
		2

2.3.1 Calculate the following financial indicators:

Net asset value per share		
WORKINGS	**ANSWER**	
		3

Debt / Equity ratio		
WORKINGS	**ANSWER**	
		3

% return on average capital employed		
WORKINGS	**ANSWER**	
		5

TOTAL MARKS
40

QUESTION 3

3.1.

3.1.1	
3.1.2	
3.1.3	

3

3.2.1 **One director is concerned about the operating efficiency of the business. Provide TWO financial indicators with reasons to justify his concerns.**

4

3.2.2. **As a shareholder, you are concerned about the liquidity of the company. Quote TWO financial indicators with figures to support the concern of the shareholder.**

4

3.2.3 **Briefly explain why you as an existing shareholder would be satisfied with the dividend pay-out policy in 2026 compared to 2025. Provide a calculation to confirm your satisfaction.**

Comment:

4

3.2.4 **The directors are considering taking out an additional loan of R130 000. Explain by quoting TWO financial indicators, with figures why this is a good idea.**

Comment:

6

3.2.5 **Shares are being offered to the existing shareholders at 130 cents each. Would you consider buying additional shares in this company? Explain briefly by quoting TWO financial indicators/data with figures.**

4

3.2.6 **As a major shareholder, comment on whether you would be satisfied with the performance of the company for 2026? Quote THREE financial indicators with figures/data.**

Comment:

8

3.2.7

Calculate P. Smit's percentage shareholder at the beginning of the year.	
WORKINGS	**ANSWER**

	2

How has the issue and repurchase of shares influenced his percentage shareholding. Provide a calculation to substantiate your answer.	
WORKINGS	**ANSWER**
Comment:	

	3

How many shares must P Smit buy to become the majority shareholder?	
WORKINGS	**ANSWER**

	2

TOTAL MARKS
40

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2.1 **Explain the meaning of corporate governance.**

2

4.2.2 **Name TWO corporate governance challenges from the given scenario.**

2

4.2.3 **Give THREE principles of good corporate governance that could address the issues faced by SOEs.**

3

4.2.4	Name TWO roles of the board of directors in promoting good corporate governance.	4
4.2.5	Recommend ONE practical way in which SOEs can improve transparency.	2

TOTAL MARKS
15

TOTAL: 150