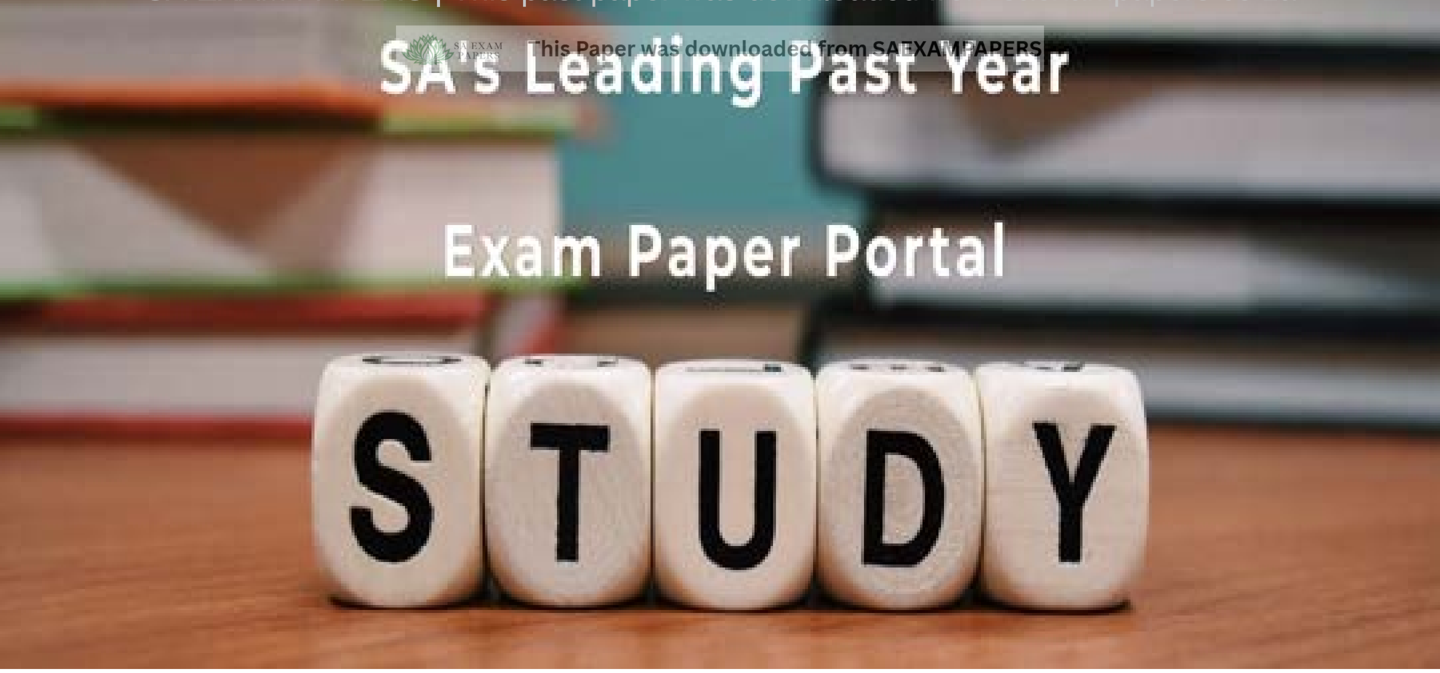
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GRADE 12

JUNE EXAMINATION

PAPER 1

ACCOUNTING

JUNE 2026

EXAMINER: Mr. K.B Mokoatsi

MARKS: 150
TIME: 2 hours

This question paper consists of 10 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 to answer ALL questions.
3. Show ALL workings to earn 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. A financial Indicator Formula Sheet is attached at the end of this question paper. Stanmorephysics.com
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	Retained Income- and Fixed Asset Notes, and Statement of Financial Position	55	45
2	Cash Flow Statements and financial indicators	40	30
3	Interpretation of Company Financial Information	40	35
4	Corporate governance	15	10
TOTAL		150	120

QUESTION 1: STATEMENT OF FINANCIAL POSITION AND NOTES
(55 marks; 45 minutes)

TSOAEDI LTD

Tsoaedi Ltd supplies and installs different types of generators at a fixed price. You are provided with information related to the financial year ending 31 May 2026.

REQUIRED:

1.1 **Refer to Information B (i).**

Calculate the value of the closing stock of generators. (5)

1.2 **Refer to Information B (ii).**
Calculate the missing figures denoted by **(a – c)** in the Fixed/Tangible Asset Note. (12)

1.3 Complete the Retained Income Note. (10)

1.4 Complete the Statement of Financial Position (Balance Sheet) on 31 May 2026. (28)

TAKE NOTE: Where notes are not required, workings must be shown to earn part marks.

INFORMATION:

A. Balances/Totals on 31 May 2026:

	2026
Ordinary share capital	1 755 000
Retained income	1 045 000
Loan: Tsime Bank	609 840
Fixed assets at carrying value	?
Fixed deposit: TE Bank	582 000
Inventory	?
Net trade debtors	209 100
Bank (favourable)	?
Deposit: Water and electricity	11 000
SARS: Income tax (Provisional payments)	359 000
Trade creditors	763 860
Shareholders for dividends	260 000
Rent expense	91 280
Directors' fees	1 824 000

B. ADDITIONAL INFORMATION

(i) The information related to the generators was as follows:

	UNITS	UNIT PRICE	TOTAL R
Opening stock: 1 June 2025	78		
Purchases during the year	631		
Closing stock: 31 May 2026	?		**?**
Units sold	602	10 500	6 321 000

- Tsoaedi Ltd sells only one type of generators at a standard price of R10 500 per unit.
- A mark-up of 25% on cost is applied.
- The specific identification method is used to value the closing stock of generators.

(ii) **Note to the Statement of Financial Position on 31 May 2026:**

FIXED/TANGIBLE ASSETS	EQUIPMENT	VEHICLES
Carrying value – 1 June 2025	**50 000**	**519 200**
Cost price	561 000	814 000
Accumulated depreciation	(511 000)	**(a)**
Movements		
Additions at cost price	55 000	0
Disposal at carrying value	0	**(c)**
Depreciation	**(b)**	(98 890)
Carrying value – 31 May 2026		
Cost price	616 000	649 000
Accumulated depreciation		

Land and Buildings:
- The company owns land and buildings.

Equipment:
- New equipment was purchased on 1 December 2025. This transaction has been correctly recorded.
- Depreciation is calculated at 10% p.a. on cost.

Vehicles:

- A vehicle was sold for cash on 28 February 2026. It was recorded correctly in the records of the business.
- The details of the disposal of the vehicle according to the Fixed Asset Register are as follows:

Cost price	?
Accumulated depreciation on 1 June 2025	R66 000
Depreciation on diminishing balance method	20% p.a.
Profit on sale of vehicles	R3 350

NOTE: Depreciation on all vehicles was accurately calculated at R98 890 for the financial year.

(iii) A creditor's credit balance of R1 500 in the Creditors' Ledger must be transferred to his account in the Debtors' Ledger.

(iv) A storeroom was rented from 1 September 2025 at R11 200 per month. Rent increased by 7,5% per month on 1 March 2026. Provide for the outstanding rent.

(v) **Loan: Tsime Bank**

The loan statement from Tsime Bank on 31 May 2026 revealed the following:

- Total repayments (including interest) R225 400
- Interest capitalised R 83 160
- Balance at the end (31 May 2026) ?

NOTE: 20% of the loan will be repaid during the next financial year.

(vi) The company has three directors who earn the same fee. One director was paid two months in advance.

(vii) **Share capital and dividends:**

Authorised share capital: 3 000 000 ordinary shares

DATE	DETAILS
1 June 2025	1 500 000 shares were in issue.
30 November 2025	An interim dividend of 12 cents per share was declared and paid.
1 February 2026	Shares were repurchased at R1,50. The average share price was accurately calculated on this day, at R1,35.
31 May 2026	A final dividend was declared.

NOTE: No additional shares were issued during the year.

(viii) **Income tax for 2026:**

Income tax for the financial year was accurately calculated at R309 000. Income tax is calculated at 30% of the net profit.

(ix) **Financial indicator:**

After taking into account all adjustments, the current ratio was correctly calculated as **1,2 : 1**.

55

QUESTION 2 **(40 marks; 30 minutes)**

You are provided with information relating to Fourie Limited. The financial year ended on 28 February 2026.

REQUIRED:

2.1 Complete the Reconciliation of Profit before Taxation and Cash Generated from Operations Note. (12)

2.2 Calculate missing figures labelled (A) to (F) in the Cash Flow Statement. (17)

2.3 Calculate the following financial indicators on 28 February 2026.

2.3.1 Net asset value per share (3)

2.3.2 Debt/ Equity ratio (3)

2.3.3 % return on average capital employed (5)

INFORMATION:

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

	R
Sales	12 105 000
Interest on loan	252 000
Depreciation	453 000
Income tax (30%)	393 000

B. **Extract from the Statement of Financial Position for the two years on 28 February:**

	2026	2025
	R	R
Non-current assets	2 764 500	2 374 000
Fixed assets	2 631 200	2 274 000
Fixed deposit	133 300	100 000
Current assets	2 548 000	1 088 000
Inventories	254 000	272 000
Trade and Other Receivables	1 638 000	770 000
Cash and cash equivalents	656 000	46 000
Total assets	**5 312 500**	**3 462 000**
Shareholders Equity and Liabilities		
Shareholders' equity	2 875 500	1 652 000
Ordinary share capital	2 191 700	1 378 500
Retained income	683 800	273 500
Non-current liabilities	1 800 000	1 000 000
Loan: FMT Bank (18% p.a.)	1 800 000	1 000 000
Current liabilities	637 000	810 000
Trade and Other Payables	637 000	810 000
Total Equity and Liabilities	**5 312 500**	**3 462 000**

C. **Ordinary share capital:**

	2026
	R
675 000 shares in issue at the beginning of the year	1 378 500
375 000 new shares issued on 1 March 2025	?
40 000 shares repurchased on 28 February 2026	86 800
1 010 000 shares in issue at the end of the year	2 191 700

- On 28 February 2026, 40 000 shares were repurchased at 33 cents above the average price.

D. **Trade and Other Receivables:**

	2026	2025
	R	R
Trade debtors	1 592 000	770 000
SARS: Income tax	46 000	0

E. **Trade and Other Payables:**

	2026	2025
	R	R
Trade creditors	479 500	692 500
SARS: Income tax	0	95 000
Shareholders for dividends	157 500	22 500

F. **CASH FLOW STATEMENT**

Cash effects from operating activities	
Cash generated from operations	
Interest paid	
Dividends paid	A
Taxation paid	B
Cash effects from investing activities	
Purchase of fixed assets	
Proceeds from the sale of fixed assets	
Change in investment	C
Cash effects from financing activities	
Proceeds from shares issued	D
Repurchase of shares	E
Change in loan	
Net change in cash and cash equivalents	F
Cash and cash equivalents at the beginning of the year	46 000
Cash and cash equivalents at the end of the year	656 000

40

QUESTION 3 **(40 marks; 35 minutes)**

3.1. Match the term in Column A with the correct statement in Column B. Write down only the correct answer next to the number in your answer book. e.g. 3.1.4. D.

COLUMN A		COLUMN B	
3.1.1	Statement of Comprehensive Income	A.	An opinion expressed on the fair presentation of the figures in the financial year.
3.1.2	Independent Audit report	B.	The ability of a business to settle its current debts.
3.1.3	Liquidity	C.	The net profit or loss of the company for a financial year.

(3x1=3)

LIBRA LIMITED

3.2 You are provided with information relating to Libra Limited for the financial year ended 31 May 2026.

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

REQUIRED

Operating efficiency:

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 **Liquidity:**
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 **Dividends:**
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. (4)

3.2.4 **Risk and gearing:**
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. (4)

3.2.5 **Share price:**
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. (6)

3.2.6 **Return on investment:**
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. (8)

3.2.7 **% shareholding: Refer to information B and C.**

- Calculate P Smit's percentage shareholding at the beginning of the year. (2)
- How has the issue and repurchase of shares influenced his percentage shareholding? Provide a calculation to support your answer. (3)
- How many shares must P Smit buy to become the majority shareholder? (2)

INFORMATION

A.

Financial indicator and other relevant data		
	31 May 2026	**31 May 2025**
% operating profit on sales	23%	25%
% operating expenses on sales	22%	19%
% net profit before tax on sales	19%	24%
Current ratio	5,2 : 1	2,2 : 1
Acid test ratio	1,8 : 1	1,2 : 1
Solvency ratio	3,3 : 1	6,5 : 1
Debt-equity ratio	0,3 : 1	0,1 : 1
% return on total capital employed (ROTCE)	22%	31%
% return on shareholders' equity (ROSHE)	31%	36%
Dividends per share	24 cents	18 cents
Earnings per share	29 cents	33 cents
Net asset value per share	132 cents	127 cents
Interest rate on loans	11%	10%
Market price per share	140 cents	150 cents

B. Issue and repurchase of shares

Number of shares at the beginning of the year	500 000
Number of shares issued during the year	80 000
Number of shares repurchased	50 000
Number of shares at the end of the year	530 000

- The directors issued additional shares at 130 cents each.
- Existing shareholders were allowed to purchase these shares.

C. Extract from the shareholders register
P Smit a shareholder in the company but not a director.

Number of shares at the beginning of the year.	180 000
Additional shares purchased	30 000
Number of shares at the end of the year	210 000

40

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

4.1 Match the given scenario in column A with the most appropriate concept related to corporate governance in column B. Write only the letter (A–D) next to the question numbers (4.1.1 to 4.1.4) in the ANSWER BOOK. (4)

COLUMN A:		**COLUMN B:**	
4.1.1	The CEO of Jardin Ltd granted a R5 million tender to his wife's company.	A	Corporate citizenship
4.1.2	Jardin Ltd was placed under temporary supervision.	B	Conflict of interest
4.1.3	Waterpaas Water Ltd donated thousands of litres of drinking water to the Klerksdorp municipality after a flood disaster.	C	Standards for directors' conduct
4.1.4	CEO of Jardin Ltd was caught for drunk driving on N12.	D	Business rescue

(4 x 1)

4.2 **BAZUKA LTD.**

REQUIRED:

Read the scenario below and answer the questions that follow:

> Several South African state-owned enterprises (SOEs), including Eskom, have recently been criticized for weak corporate governance. Reports have revealed issues such as lack of accountability, poor transparency, and ineffective oversight by boards of directors.
>
> The government has emphasized the importance of applying the principles of the King IV Report on Corporate Governance, especially ethical leadership, accountability, and transparency to restore public trust.

INFORMATION

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 SOE's. (3)

4.2.4 Name TWO roles of the board of directors in promoting good corporate governance. (2)

4.2.5 Recommend ONE practical way in which SOEs can improve transparency. (2)

15

TOTAL: 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 & 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 can be used if required in a question. 365 days is only applicable if relevant to the whole year.
2. Credit purchases July 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.