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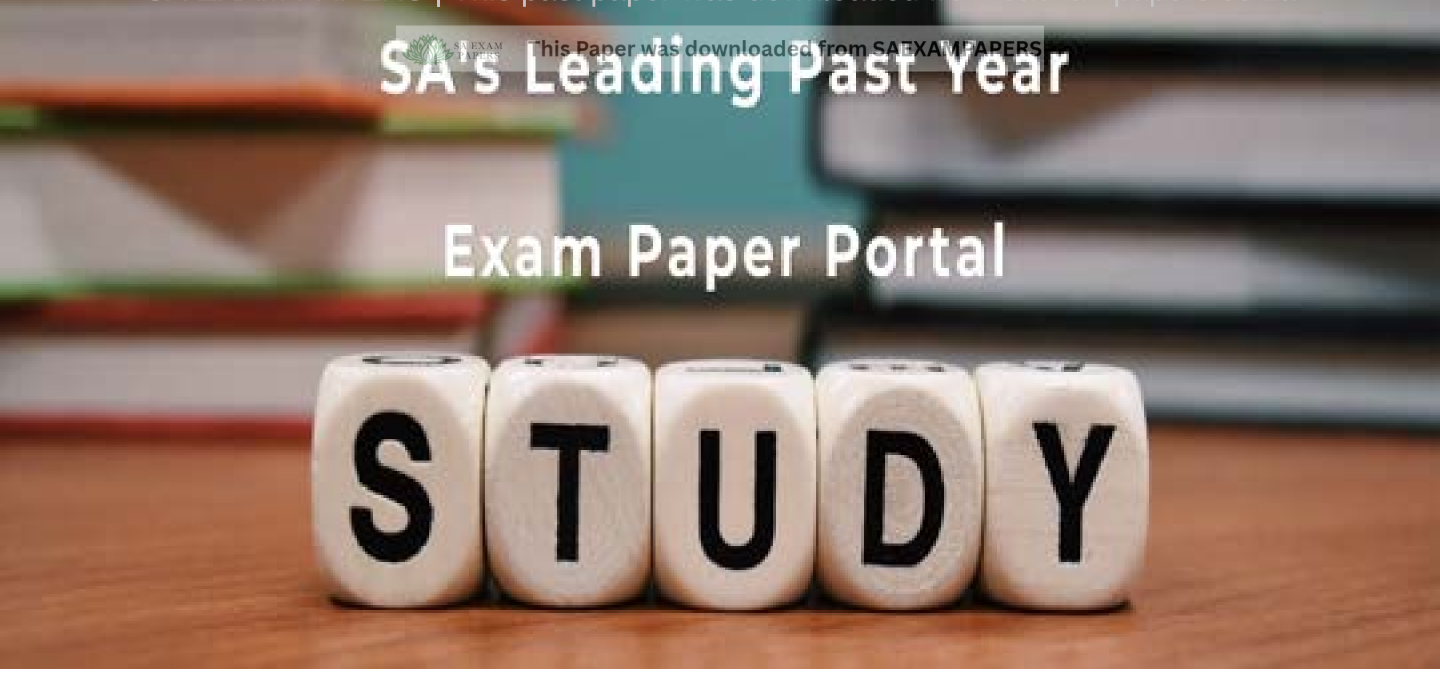

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KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P1

JUNE 2026

MARKS: 150

TIME: 2 Hours

This question paper consists of 15 pages including a formula sheet and a 11-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 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

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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	

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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.

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(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

35

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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 (3)
- Retained income (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 300 900	
Nominal Account Section		
Audit fees	48 000	

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(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.

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(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

40

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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

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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 <u>fairly present, in all material respects</u>, 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, <u>we do not express an opinion on the financial statements</u> for the year ended 28 February 2026.

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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)

30

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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)

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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%	

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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

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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 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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