



NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2026

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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). No double penalty applied.
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. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). **NOTE:** If figures are stipulated in marking guideline for components of workings, these do not carry the method mark 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer, before awarding a mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. **NOTE:** check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per the marking guideline.
11. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 11 pages.

QUESTION 1

1.1 Calculate the carrying value of fixed assets on 28 February 2026.

WORKINGS	ANSWER
Land and Buildings: 26 488 000 – 398 000 = 26 090 000 ✓	26 609 500 ✓
Vehicles: Depreciation: 15/100 x 600 000 = 90 000 ✓ 15/100 x 9/12 x 450 000 = <u>50 625</u> ✓✓ 140 625	
Therefore: 628 750 - 270 625 – 140 625 ✓ = 217 500 ✓	
Equipment: [596 000 – 304 000] + 114 000 – 104 000 = 302 000 ✓ ✓ ✓ ✓	
26 090 000 + 217 500 + 302 000	

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1.2 RETAINED INCOME

Balance on 1 March 2025	4 018 500
Net profit after tax	7 084 000 ✓
Shares repurchased (120 000 x R3,75) or (2 250 000 - 1 800 000)	(450 000) ✓✓*
Ordinary share dividends interim + final	(852 000) ✓
- Interim	300 000
- Final (1 200 000 x 46c)	552 000 ✓✓*
Balance on 28 February 2026	9 800 500 ✓*

7

*one part correct

1.3 TALISON LTD

Statement of Comprehensive Income for the year ended 28 February 2026

Sales (12 188 750 x 240/140)	20 895 000 ✓✓\$
Cost of sales (12 188 750 x 100/140) balancing. figure	(8 706 250) ✓
Gross Profit	12 188 750
Other Income	
Rent Income (115 175 – 8 925 ✓✓)	106 825 ✓#
Profit on sale of asset (128 750 + 50 625 see 1.1 vehicles) (450 000 – 179 375 ✓ – 295 625 ✓)	25 000 ✓*
Gross Operating Income	
Operating Expenses	
Salaries and wages	
Stationery	
Directors' fees (1 065 000 – 90 000 ✓✓)	1 035 000 ✓#
Audit fees (66 725 + 11 775 ✓)	78 500 ✓#
Bad debts (10 160 + 3 690 ✓)	13 850 ✓#
140 625 Depreciation (90 000 + 50 625 + 104 000)	244 625 ✓*
Provision for bad debts adjustment (21 710 – 19 475)	2 235 ✓
Operating Profit	
Interest Income	
Profit before Interest Expense	
Interest Expense	
Profit before Tax	
Income Tax (7 084 000 x 30/70)	(3 036 000) ✓✓
Net Profit for the year	7 084 000

20

#check operation \$ 2 marks can be allocated to cost of sales if calculation is shown on COST OF SALE
then will be bal fig for 1 mm * one part correct

1.4 Statement of Financial Position on 28 February 2026.

ASSETS	
NON-CURRENT ASSETS	
Fixed assets see 1.1	26 609 500 <input checked="" type="checkbox"/>
Financial assets	
CURRENT ASSETS	
Inventories (2 152 800 + 310 000 ✓)	2 462 800 <input checked="" type="checkbox"/> *
Trade and other receivables (5 674 300 – 21 710 ✓ + 90 000 ✓ - 3 690 <input checked="" type="checkbox"/>)	5 738 900 <input checked="" type="checkbox"/> *
Cash and cash equivalents (2 180 940 + 156 250 ✓✓)	2 337 190 <input checked="" type="checkbox"/> operation
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Shareholders' equity	28 200 500 <input checked="" type="checkbox"/>
Ordinary share capital	18 400 000
Retained income see 1.3	9 800 500 <input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES (28 200 500 x 0,2 ✓) see shareholders equity	5 640 100 <input checked="" type="checkbox"/> *
Loan: Twist Bank (calculation above may be done here)	5 640 100
CURRENT LIABILITIES	3 776 540
Trade and other payables (1 351 000 + 8 925 <input checked="" type="checkbox"/> + 11 775 <input checked="" type="checkbox"/>) Rent Audit fees	1 371 700 <input checked="" type="checkbox"/> *
Current portion/ short term loan	572 000 ✓
SARS (Income tax) (3 036 000 – 2 850 750)	185 250 ✓ <input checked="" type="checkbox"/>
Shareholders for dividends see 1.3	552 000 <input checked="" type="checkbox"/>
Bank overdraft balancing figure	1 095 590 <input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES	

22

*one part correct

TOTAL MARKS**60**

QUESTION 2

ABUKWE LTD

2.1 Reconciliation of Profit before Taxation and Cash Generated from Operations
note on 28 February 2026:

Profit before Taxation (1 405 600 x 100/70)	2 008 000 ✓✓	
Adjustment for:		
- Depreciation	401 000 ✓	
- Interest expense	77 300 ✓	
Operating Profit before changes in working capital	2 486 300	
Changes in Working Capital	(152 830)	
Change in Inventories (558 230 – 436 000)	(122 230) ✓✓	
Change in Debtors (507 100 – 450 720)	56 380 ✓✓	
Change in Creditors (669 000 – 582 020)	(86 980) ✓✓	
Cash generated from operations	2 333 470 ☑	11

Cash Flow from Operating Activities	770 390 ☑	
Cash generated from operations see 2.1	2 333 470 ☑	
Interest paid	(77 300)	
Taxation paid (28 400 + 602 400 + 24 080)	(654 880) ✓☑	
Dividends paid (437 000 + 385 000)	(822 000) ✓☑	6

Cash Flow from Financing Activities	1 992 500 ☑	
Proceeds from shares issued (450 000 x R3,75)	1 687 500 ✓☑	
Loan obtained (850 000 – 545 000)	305 000 ✓	
		4

Net change in Cash and Cash Equivalents	(168 010) ☑	
Cash and Cash Equivalents at beginning	124 500 ✓	
Cash and Cash Equivalents at end (8 200 – 51 710)	(43 510) ✓✓	4

2.3 % return on average shareholders' equity (ROSHE)

WORKINGS	ANSWER
$\frac{1\,405\,600 \checkmark}{\frac{1}{2} \checkmark (5\,683\,000 + 4\,940\,300) \checkmark}$ <p>10 623 300 one mark 5 311 650 two marks</p>	<p>26,5% <input checked="" type="checkbox"/></p> <p>one part correct assume % if not specified</p>

4

Earnings per share

WORKINGS	ANSWER
$\frac{1\,405\,600 \checkmark \times 100}{1\,700\,000 \checkmark}$	<p>82,7 cents <input checked="" type="checkbox"/></p> <p>assume cents if not specified</p>

3

Acid-test ratio

WORKINGS	ANSWER
$\frac{(1\,014\,230 \checkmark - 558\,230 \checkmark)}{456\,000 \text{ two marks}}$	<p>0,4 : 1 <input checked="" type="checkbox"/></p> <p>One part correct must be x : 1</p>

4

% Operating expenses on sales

WORKINGS	ANSWER
$\frac{1\,107\,876 \times 100}{5\,035\,800}$	<p>22% <input checked="" type="checkbox"/> <input checked="" type="checkbox"/></p> <p>assume % if not specified</p>

2

2.4 The business is considering building its own premises for R2,5 million instead of renting one from Primadle Properties' buildings in Durban.

What funding options can the company consider, without taking out additional loan? Provide TWO sources with figures.

Type of funding with figures <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<ul style="list-style-type: none"> - Retained Income – R1 033 000 - Funds from shares issued – R1 687 500 - Funds from vehicle sold – R150 000

2

TOTAL MARKS

40

QUESTION 3**3.1 Choose a category of indicators**

3.1.1	Operating efficiency	✓
3.1.2	Liquidity	✓
3.1.3	Return to shareholders	✓

3

3.2 Operating efficiency:

Comment on the operating efficiency of ONE company that showed an improvement in managing its expenses. Quote TWO financial indicators.

Financial Indicators ✓ ✓ Figures with trends ✓ ✓

Dodo Ltd shows improvement:

- Operating expenses on sales have improved/decreased from 22,3% to 16,1% / by 6,2% points.
- Net profit after tax on sales has improved/increased from 11,2% to 15,8% / by 4,6% points.

4

3.3 Liquidity:

Explain how the credit policy has improved the liquidity of Dodo Ltd. Quote TWO financial indicators.

Financial Indicators ✓ ✓ Figures and trend ✓ ✓

- Debtors collection period has improved (from 38 days) to 30 days / by 8 days.
- Creditors payment period has improved (from 50 days) to 60 days / by 10 days.

4

3.4 Dividends, earnings and returns:

Comment on the dividend pay-out policy of Dodo Ltd and Pokolina Ltd. Which company's change in policy is irresponsible and why?

Financial Indicator with figures ✓✓ ✓✓ Comment for each company ✓✓
Irresponsibility selection and reason ✓✓

Dodo Ltd:

- They did not retain any funds from the current year but had used 19,6% from the previous financial year/ Depleting previous year's reserves by 19,6%

Pokolina Ltd:

- Dividend payout rate increased (from 47,2%) to 63,9% and thus retaining 36,1% of its earnings / indicating that they have plans for future expansion.

Dodo Ltd shows an irresponsible change:

The company is depleting its reserves/retained funds (which could be effectively used to rebuild profitability) / the company directors are trying to keep the shareholders happy at the expense of the company / they are trying to influence the market price of shares by increasing dividends.

8

Should the percentage return earned by Pokolina Ltd satisfy the shareholders? Explain by quoting a relevant financial indicator.

ROSHE ✓ Figures and trend ✓ Comment, comparing with interest on fixed deposit ✓✓

ROSHE increased from 13,1% to 16,9% / by 3,8% points

Comment:

- Shareholders will be satisfied with this improvement because ROSHE exceeds the interest rate on alternative investment (14%) which shows that the returns are getting better.

4

3.5 Share price:

Comment on the reasons for the current performance of the share price for each company on the Johannesburg Securities Exchange (JSE). Provide TWO financial indicators.

Comparison of NAV and MP ✓✓ figures and trends ✓✓ Comment ✓✓

Dodo Ltd:

- NAV of 169 cents is higher than the MP of 153 cents / by 16 cents. This is due to lack of investor confidence.

Pokolina Ltd:

- MP of 550 cents is higher than the NAV of 509 cents / by 41 cents. This is due to high demand of shares.

6

3.6 Shareholding of Tobile Lester in both companies:

Provide a calculation to show the effect which the purchase of shares in Pokolina had on Tobile's percentage shareholding.

WORKINGS	ANSWER
$400\,000 + 150\,000 = 550\,000$ $\frac{550\,000 \checkmark}{1\,000\,000 \checkmark} \times 100$ He is now a majority shareholder ✓	55% <input checked="" type="checkbox"/> one part correct assume % if not specified

4

3.7 Financing strategy:

Dodo Ltd has decided not to increase the loan any further but to repay a large part of the loan during the 2026 financial year.
 Comment to confirm this statement. Provide ONE financial indicator.

Comment ✓ Financial Indicator with trend ✓

The debt-equity ratio has decreased from 0,5 : 1 to 0,3 : 1 indicating a low financial risk for the company caused by the large decrease in loan.

2

TOTAL MARKS

35

QUESTION 4**4.1****Explain TWO consequences of corporate accounting fraud other than those mentioned in the extract.**

Any TWO valid points ✓ ✓

- Those implicated will face heavy fines
- Destroyed company reputation
- Loss of trust by investors and customers
- Potential business failure affecting employees and investment
- employees implicated in fraud will have their careers ruined
- Market price of shares at JSE will drop

2

Explain why it is important for external auditors to report fraudulent entries identified in the financial statements during their audit. Give THREE points.

Any THREE valid points ✓ ✓ ✓

- To uphold the credibility of the auditing profession
- To protect stakeholders and investors
- It is their legal responsibility to report fraudulent entries
- To maintain market confidence
- It serves as a corrective action to prevent financial losses and collapse of the organization
- To avoid disciplinary measures being taken against them by IRB

3

Explain the meaning of the term *bankruptcy*.

Any valid explanation ✓✓

- Bankruptcy is a legal process for businesses who are unable to repay their debts to creditors by seeking relief from some or all of their debts.
- Bankruptcy is a legal process for businesses who can no longer pay their debts to creditors of seeking a fresh start by liquidating their assets to pay their debts or by creating a repayment plan.

2

4.2

Explain why public companies must be audited by external auditors.**Mention TWO points.**

Any TWO valid points ✓✓ ✓✓

- It is a requirement of the company's Act.
- Express an unbiased opinion on the fair presentation of the financial statements of the audited organisation.
- To protect public investment
- Gives assurance that financial statements are reliable

4

4.3

Express your opinion on the above-mentioned scenario. Provide ONE point.

Any valid point ✓✓

This amounts to a conflict of interest / Abuse of power / The CEO must have declared his indirect personal interest in this transaction. / He would be guilty of an offence as he will have known of his son's involvement. / Unethical business practice / May appear as nepotism, which could ruin the company's image.

How should this scenario be handled by a board of directors or by shareholders? Provide ONE point.

Any valid point ✓✓

The transaction should be cancelled by the board / shareholders may influence the board to cancel the transaction / CEO must be held accountable / disciplinary hearing / face a criminal charge.

4

TOTAL MARKS**15****TOTAL: 150**