LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P1
JUNE 2026
MARKING GUIDELINES

MARKS: 150

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). 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. Unless otherwise stated, give full marks for a correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). Note: figures stipulated in the marking guidelines as components of workings are marked together; these do not carry the method mark for parts thereof.
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, markers must inspect reasonableness of the answer.
10. 'Operation' means check operation. 'One part correct' means operation and one part correct.
11. In calculations, do not award marks for workings if numerator & 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 guidelines. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 11 pages.

Copyright reserved

QUESTION 1
BOUTIQUE LTD

1.1.1

	ORDINARY SHARE CAPITAL	
$\frac{1\,875\,000\ ✓}{0{,}25\ ✓}$ = 7 500 000☑*	Issued shares on 1 March 2025 at R6,25	46 875 000 ☑#
1500 000 ✓	**Shares issued during the year**	**11 175 000**
(500 000)	Repurchased shares @ R6,45 ✓✓	(3 225 000) ☑#
8 500 000 ☑@	**Issued shares on 28 February 2026**	54 825 000☑@

*one part correct and operation #operation only @issued must be added and repurchased subtracted

10

1.1.2 RETAINED INCOME

Balance at the beginning	6 410 000 ✓
Net profit after tax	2 226 000 ✓
Repurchase of shares (500 000 x 1,55)	(775 000) ✓☑*
Ordinary share dividends	(4 247 500) ☑#
Interim dividends paid	1 612 500 ✓
Final/declared dividends	2 635 000 ✓
Balance at the end	3 613 500 ☑@

*one part correct and operation #operation only @OSD and repurchased must be subtracted

8

1.1.3 TRADE AND OTHER RECEIVABLES

Debtors control (3 260 000 – 8 000 ✓**)**	3 252 000 ☑*
Provision for bad debts	(95 200) ✓
Net trade Debtors	3 156 800 ☑#
Prepaid expenses (21 500 ✓✓+ 4 000✓)	25 500 ☑*
Accrued income	14 000 ✓
	3 196 300 ☑#

*one part correct and operation #operation only

10

1.2 STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2026

NON-CURRENT ASSETS	TA-CA	56 074 830 ☑
Fixed assets		
Financial assets	1	
CURRENT ASSETS	10 378 900 X 1.3	13 492 570 ✓✓
Inventory		**8 602 400**
Trade and other receivables	see 1.1.3	3 196 300 ☑@
Cash and cash equivalent	balancing figure	1 693 870 ☑
TOTAL ASSETS	must be the same as Total E & L 5	69 567 400 ☑
SHAREHOLDER EQUITY	3	58 438 500 ☑#
Ordinary share capital	see 1.1.1	54 825 000 ☑@
Retained Income	see 1.1.2	3 613 500☑@
NON-CURRENT LIABILITIES	3	750 000
Loan 850 000 ✓ – 100 000✓		750 000☑*
CURRENT LIABILITIES	operation	10 378 900☑*
Trade and other Payables **7 252 400** - 6 000 ✓✓ +150✓ - 12 400✓✓ +15 500 ✓✓ + 45 000 ✓✓ + 18 250 ✓✓)		7 312 900☑*
Deposit: Rent income (24 000 ✓ – 2 000✓)		22 000☑*
Current portion of loan	see subtracted from loan	100 000☑@
Shareholders for dividends	see 1.1.2	2 635 000 ☑@
SARS (Income tax)		309 000✓
TOTAL EQUITY AND LIABILITIES	20	69 567 400☑*

32

* one part correct and correct operation #operation only @transfer
Inspect: SARS: IT, SFD, and deposit for rent income may be included in T&OP
- 1 foreign item (max -2); presentation -1 (max -1);
If T&OP are misplaced, award marks for workings only, if the whole item has been placed under CA
Note Principle 11 when awarding method marks: Operation as per the candidate's operation, unless specified.

TOTAL MARKS
60

Copyright reserved

QUESTION 2

2.1 ELLIS LTD
RECONCILIATION BETWEEN PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS

2.1.1

Net profit before tax (1 631 000 x $\frac{100}{70}$)	2 330 000 ✓✓
Adjustments in respect of:	
Depreciation	**615 000**
Interest expense	740 000 ✓
Operating profit before changes in working capital	3 685 000 no mark
Cash effects of changes in working capital	(53 000)☑
Increase in inventory	(675 000)✓
Decrease in receivables	**154 000**
Increase in payables 4 105 000 + 12 000 3 640 000 + 9 000 (4 117 000 – 3 649 000)	468 000 ✓☑ must not be in brackets 1 method mark if in brackets
Cash generated from operations	**3 632 000**

7

2.1.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2026

CASH EFFECT OF OPERATING ACTIVITIES	1 422 000 ☑@
Cash generated from operations	**3 632 000**
Interest paid	(740 000)✓*
#Dividends paid	(800 000)✓*
#Income tax paid (1 631 000 x $\frac{30}{70}$) two marks 11 000✓- 699 000 ✓✓ + 18 000 ✓ **OR** -11 000 + 699 000 – 18 000 8	(670 000)☑* 4 marks without brackets
CASH EFFECTS OF INVESTING ACTIVITIES	(2 715 000) ☑@
#Purchase of fixed assets 10 800 000✓ - 420 000✓ - 615 000✓ - 12 600 000 ✓ **OR** -10 800 000 +420 000 + 615 000 +12 600 000	(2 835 000)✓* 4 marks without brackets
Proceeds from the sale of fixed assets	420 000 ✓ do not accept brackets
Investment placed (fixed deposit) 7	**(300 000)**
CASH EFFECTS OF FINANCING ACTIVITIES	1 086 000 ☑@
Proceeds of shares issued	**2 053 000**
Repurchase of shares (30 700 x R10,00)	(307 000)✓✓* two or nothing
Decrease in Loan 1 400 000 ✓ - 740 000 ✓ **OR** 7 160 000 one mark – 6 500 000 one mark 6	(660 000)☑*
NET CHANGE IN CASH EQUIVALENTS	(207 000) ☑@
Cash and cash equivalents at the beginning of the year (126 000 + 7 000)	133 000✓
Cash and cash equivalents at the end of the year (84 000 – 10 000) 4	(74 000)✓✓*

25

*one part correct and operation, reflected as an outflow (brackets). @ one part correct and operation per learner's work.
Be alert to alternative workings, such as ledger accounts or use of brackets or signs reversed, for use of reversed signs, ensure that only one option is marked consistently.
If no brackets, assume it is an inflow of cash- award marks for workings only.
If a working amount is shown as a final figure, award the mark/s allocated; ignore the brackets where applicable.
If the correct final answer is provided without workings or the brackets, award all working marks only (not the final mark).

Copyright reserved

2.1.3 Calculate the following on 28 February 2026:

% Mark-up	
WORKINGS	**ANSWER**
$\frac{(7\,650\,000 - 3\,220\,000)}{4\,430\,000\ \checkmark\checkmark} \times 100$ $3\,220\,000\ \checkmark$ For 4 430 000 do not split marks, two or nothing *100 is not considered one part correct Do not award marks if numerator and denominator are swapped	137,6%☑ one part correct % sign not necessary DO NOT ACCEPT 138%

4

% Return on average shareholders' equity (ROSHE)	
WORKINGS	**ANSWER**
$\frac{1\,631\,000\ \checkmark}{½(12\,124\,000\checkmark + 10\,249\,600\checkmark)} \times 100$ 22 373 600 two marks *100 is not considered one part correct Do not award marks if the numerator and denominator are swapped	14,6% ☑ one part correct, and if ½ is used % sign not necessary DO NOT ACCEPT 15%

4

TOTAL MARKS
40

QUESTION 3

3.1 **Match the financial indicator in COLUMN A with the most appropriate interpretation in COLUMN B. Write only the letter (A–D) next to the question number (3.1.1–3.1.5) in your ANSWER BOOK.**

3.1.1	B ✓
3.1.2	C ✓
3.1.3	A ✓
3.1.4	D ✓
3.1.5	F ✓

5

3.2 **ORBIT LTD AND NOVA LTD:**

3.2.1 **Assess the liquidity position of BOTH companies.**
State which company has the stronger liquidity and quote TWO relevant financial indicators.
If Nova is mentioned, award 2 marks only; for the indicator and figure, no marks for choice of company.

Liquidity ratios of Orbit Ltd ✓✓ are more efficient.

Current ratio 1,7:1 ✓
Acid test ratio 0,9:1 ✓

4

3.2.2 **Comment on the level of risk and gearing of BOTH companies.**
Quote TWO relevant financial indicators in your answer.
THREE marks per company: Two Financial Indicators with figures and comment per company.

ORBIT LTD ROTCE with figure ✓ Debt: Equity with figure ✓ Comment: ✓	Debt-equity ratio is 0,8 : 1 ROTCE is 20% The business makes extensive use of loans (high risk) / ROTCE is higher than the interest rate on loans of 13%, indicating positive gearing.
NOVA LTD ROTCE with figure ✓ Debt: Equity with figure ✓ Comment: ✓	Debt-equity ratio is 0,2 : 1 ROTCE is 10% The business does not rely on loans (low risk) / ROTCE is lower than the interest rate on loans of 13%, indicating negative gearing.

6

3.2.3 **Compare the dividend payout rates of the TWO companies and explain why the directors of EACH company may have decided on their payout rate.**

ORBIT LTD	110 ÷ 273 × 100/1 = 40% ✓ Accept 40,3% Orbit retains more profit for growth/ future expansion ✓
NOVA LTD	200 ÷ 171 × 100/1 = 117%✓ Nova distributes most/all earnings to shareholders to keep shareholders satisfied. ✓

4

3.2.4 **Evaluate the performance of ORBIT LTD in terms of its Return on Shareholders' Equity. Give ONE reason why shareholders are likely to be satisfied.**

Financial indicator ✓ figures and trend ✓ Comment (must compare with interest), 2 or nothing ✓✓

ROSHE increased from 14% to 25%

ROSHE (25%) is higher than the interest on fixed deposits/ alternative investments (6%)

4

3.2.5 **Analyse the market value of NOVA LTD.'S shares.**
Explain TWO observations based on the information provided.

TWO valid observations/ ✓ ✓ Comparative Figures for each observation ✓ ✓

OBSERVATION 1:	**OBSERVATION 2:**
Must compare to NAV: The market value of R18,80 is higher than the NAV of R17,86 (by 0,94c). This indicates good demand for the shares/ positive image of the company.	**Must compare to original investment price:** He originally bought the shares for R28,00, but the market price is now R18,80. This indicates poor financial return/ His shares are now worth R9,20 less per share than when purchased.

4

3.2.6 **Thabo wants to increase his investment in ORBIT LTD to become the majority shareholder. Calculate the amount he will need to pay for the additional shares required, at the current market price.**

51%
(561 100 ✓ – 400 000 ✓) x R12,50 ✓ = R 2 012 500 ☑*
161 000 two marks
*one part correct, **must be x R 12,50**

OR
50% + 100
(550 100 – 400 000) x R12,50 = R1 876 250
150 100 two marks

OR
1 100 000/2 + 1
(550 001 – 400 000) x R12,50 = R 1 875 012, 50
150 001 two marks

OR
(51- 36) 15% x 1 100 000
165 000 two marks x R12,50 one mark = R2 062 500

4

3.2.7 **Thabo wants to convince the directors of ORBIT LTD to let him buy the shares he needs to become the majority shareholder, at the current net asset value, without advertising them to the public. As an existing shareholder, why would you not be satisfied with this arrangement? Explain. Provide TWO points.**
Any TWO valid points ✓✓ ✓✓

- It is illegal and unethical to act against the law as prescribed by the Companies Act.
- Companies Act requires that shares be advertised to the public (prospectus).
- He wants to pay less than the market price- this would disadvantage the company (investors willing to pay more).

4

TOTAL MARKS
35

QUESTION 4:

BRIGHT FUTURE LTD.

4.1 **Identify the type of audit opinion expressed in the audit report.**

Qualified audit opinion ✓

1

4.2 **Explain TWO possible consequences of this audit report for the shareholders of Bright Future Ltd.**

Any TWO consequences ✓✓ ✓✓
Must link clearly to shareholders.

- Share price may decrease
- Reduced investor confidence
- Possible impact on dividends
- Risk of fraud/misuse of funds
- Damage to the company's reputation
- Difficulty attracting future investors

4

4.3 **Explain the TWO main differences between internal auditors and external auditors. Mention TWO points in each case.**

Accept any relevant points that refer to who employs each and their main job.

INTERNAL AUDITORS:

- Employed by the company ✓
- Evaluate internal controls ✓

EXTERNAL AUDITORS:

- Independent of the company ✓
- Express unbiased opinion on financial statements ✓

4

4.4 **Suggest TWO internal control measures the company could implement to improve control over cash receipts.**

Any TWO measures must relate to cash receipts ✓✓ ✓✓

- Division of duties, the person receiving the cash should not be the same person banking the cash. (If division is not explained, allow one mark only)
- Daily banking of cash receipts
- Pre-numbered receipts
- Independent bank reconciliations
- Surprise cash counts
- Increased use of EFT instead of cash
- Greater reliance on electronic payment systems
- Secure accounting software with restricted access

4

4.5 **Explain how the board of directors should apply the King Code principles of ethical leadership and effective control to address the weaknesses identified. Mention any TWO points.**

Any TWO relevant points ✓✓ ✓✓

- Demonstrate ethical, effective, and responsible leadership
- Promote a culture of integrity/ fairness
- Strengthen oversight of financial controls
- Improve accountability
- Improve transparency
- Ensure audit committee effectiveness

2

TOTAL MARKS
15

TOTAL 150 MARKS

Copyright reserved