KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P1

ANSWER BOOK

PREPARATORY EXAMINATION

SEPTEMBER 2026

Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE DISTRICT	MOD BY THE PROVINCE
1					
2					
3					
4					
TOTAL					

N.B. This answer book consists of 10 pages.

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1.1 **Use the table provided to calculate the correct net profit after tax for the year ended 28 February 2026. Indicate '+' for increase and '–' for decrease.**

No	WORKINGS	ANSWER
	Incorrect net profit	**4 900 000**
(i)		
(ii)		
(iii)		
(iv)		

8

1.2

	WORKINGS	ANSWER
(i)	**ADDITIONS AT COST LAND AND BUILDINGS**	
(ii)	**DISPOSAL AT CARRYING VALUE**	
(iii)	**DEPRECIATION ON EQUIPMENT**	
(iv)	**CARRYING VALUE OF EQUIPMENT**	

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1.3 Statement of Financial Position on 28 February 2026.

Assets		
Non-current assets		
Tangible assets		
Fixed deposit	**1 687 500**	
Current assets		
Cash and cash equivalents	**936 000**	
Total assets		
Equity and liabilities		
Shareholders' equity		
Retained income	**1 210 000**	
Non-current liabilities		
Loan		
Current liabilities		
Trade and other payables		
Total equity and liabilities		**24**

TOTAL MARKS
45

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QUESTION 2

2.1 Retained income Note on 28 February 2026.

Balance at the beginning	**50 000**
Net profit after tax	
Dividends	
Balance at the end	

6

2.2 Cash Flow Statement for the year ended 28 February 2026

Cash flow from operating activities	**1 180 000**
Cash generated from operations	
Interest paid	
Cash flow from investing activities	**(1 320 000)**
Cash flow from financing activities	
Cash and cash equivalent at the end	

23

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2.3.1 % Operating expenses on sales

WORKINGS	ANSWER

3

2.3.2 Dividends per share (DPS)

WORKINGS	ANSWER

3

2.3.3 % Return on average shareholders' equity

WORKINGS	ANSWER

5

TOTAL MARKS
40

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QUESTION 3

3.1 **Choose a term from COLUMN B that matches the description in COLUMN A. Write only the letter (A – D) next to the question number (3.1.1 – 3.1.4).**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2.1 **The liquidity position of the company has improved. Quote TWO financial indicators with figures to support this statement.**

4

3.2.2 **Calculate the dividend pay-out rate for the year ended 28 February 2026.**

3

Explain why directors decided to change the policy. Give THREE reasons.

6

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3.2.3 **Explain whether the shareholders should be satisfied or not with the earnings per share and returns on average shareholders' equity of the company. Quote TWO financial indicators with figures.**

6

3.2.4 **The directors of Sivukile Ltd want to expand the business by opening more branches. Explain why would you not recommend that they should borrow more money. Quote TWO financial indicators, with figures.**

6

The other option of financing the proposed expansions is to issue more shares. Explain how this will benefit the company. Provide TWO points.

4

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3.2.5 **Explain why shareholders should not be satisfied with the share prices of the company at the end of the financial year. Quote TWO relevant financial indicators.**

4

3.2.6 **Calculate the number of new shares that Freedom purchased on 1 September 2025.**

CALCULATION	ANSWER

5

Calculate Freedom % shareholding on 28 February 2026.

CALCULATION	ANSWER

4

Why should the independent auditor be concerned about this? Give TWO reasons.

4

TOTAL MARKS
50

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QUESTION 4

4.1 **Choose the correct word from those in Brackets, Lubanzi Ltd received a / an (qualified / unqualified / disclaimer opinion) audit report.**

AUDIT REPORT	EXPLANATION

2

4.2 **Name TWO reliable types of audit evidence that Owami auditors used as the basis for their opinion.**

4

4.3 **Explain how this audit report could have a positive influence on the company in the future. Provide TWO points.**

4

4.4 **Explain the role of an independent external auditor. Provide ONE point.**

2

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4.5 **State THREE possible consequences for the independent external auditor if he was influenced by the directors of the company to deliberately provide the shareholders with an incorrect audit report.**

	3

TOTAL MARKS
15

TOTAL MARKS: 150

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