education

Department of Education
FREE STATE PROVINCE

GRADE 12 - EXAMINATION
ACCOUNTING P1 - JUNE 2026

SURNAME: _____

NAME: _____

SCHOOL: _____

QUESTION	MARKS	MARKER	MODERATOR
1			
2			
3			
4			
TOTAL	150		

This answer book consists of 10 pages.

Copyright reserved

QUESTION 1

1.1

Calculate: Value of closing stock	
WORKINGS	**ANSWER**

5

1.2

(a) Calculate: Accumulated depreciation on vehicles	
WORKINGS	**ANSWER**

2

(b) Calculate: Depreciation on equipment for the year	
WORKINGS	**ANSWER**

5

(c) Calculate: Disposal at carrying value on vehicles	
WORKINGS	**ANSWER**

5

1.3 RETAINED INCOME NOTE ON 31 May 2026

Balance at beginning of the year		
Ordinary share dividends	**(440 000)**	
Balance at the end of the year	**1 045 000**	

10

Copyright reserved

1.4 Statement of Financial Position on 31 May 2026

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Fixed deposit	**582 000**
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	**2 800 000**
Ordinary share capital	**1 755 000**
Retained income	**1 045 000**
NON-CURRENT LIABILITIES	
Mortgage loan	
CURRENT LIABILITIES	
TOTAL EQUITY AND LIABILITIES	

28

TOTAL MARKS
55

Copyright reserved

QUESTION 2

2.1 RECONCILIATION OF PROFIT BEFORE TAXATION AND CASH GENERATED FROM OPERATIONS NOTE.

Adjustments for:	
Depreciation	**453 000**
Interest expense	**252 000**
Operating profit before changes in working capital	
Changes in working capital	
Cash generated from operations	

12

2.2 CASH FLOW STATEMENT

A. Dividends paid

WORKINGS	ANSWER

5

B. Taxation paid

WORKINGS	ANSWER

4

C. Change in investments

WORKINGS	ANSWER

1

D. Proceeds from shares issued	
WORKINGS	ANSWER

2

E. Repurchase of shares	
WORKINGS	ANSWER

3

F. Net change in cash and cash equivalents	
WORKINGS	ANSWER

2

2.3.1 Calculate the following financial indicators:

Net asset value per share	
WORKINGS	ANSWER

3

Debt / Equity ratio	
WORKINGS	ANSWER

3

% return on average capital employed	
WORKINGS	ANSWER

5

TOTAL MARKS
40

Copyright reserved

QUESTION 3

3.1.

3.1.1	
3.1.2	
3.1.3	

3

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. 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 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.

Comment:

4

Copyright reserved

3.2.4 **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.**

Comment:

6

3.2.5 **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.**

4

3.2.6 **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.**

Comment:

8

3.2.7 **Calculate P. Smit's percentage shareholder at the beginning of the year.**

WORKINGS	ANSWER

2

How has the issue and repurchase of shares influenced his percentage shareholding. Provide a calculation to substantiate your answer.

WORKINGS	ANSWER

Comment:

3

How many shares must P Smit buy to become the majority shareholder?

WORKINGS	ANSWER

2

TOTAL MARKS
40

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

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 SOEs.

3

Copyright reserved

4.2.4	**Name TWO roles of the board of directors in promoting good corporate governance.**	4
4.2.5	**Recommend ONE practical way in which SOEs can improve transparency.**	2

TOTAL MARKS
15

TOTAL: 150

Copyright reserved