GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2026

MARKING GUIDELINES

ACCOUNTING

(PAPER 1)

10 pages

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 correct answers. If answer is incorrect, mark workings.
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 memo for components of workings, these do not carry the method mark for the 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 the 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 reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if the 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 an ☒.
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.

QUESTION 1

1.1 Statement of Comprehensive Income for the year ended 28 February 2026

Sales	(420 000 x 100/7)		6 000 000	
Cost of sales			**(3 750 000)**	
Gross profit	Sales – COS	0	2 250 000	
Other income	one part correct		579 500	☑*
Commission income	Award mark if shown as income or expense. No mark if shown as income and expense.		420 000	✓
Discount received (32 700✓ + 800✓✓)	one part correct		33 500	☑*
Rent Income (154 950✓– 4 950✓–12 000✓–12 000✓)	150 000 two marks 24 000 two marks	11	126 000	☑*
Gross operating income			2 829 500	
Operating expenses			(1 646 615)	☑*
Salaries and wages			**202 706**	
Audit fees			**121 700**	
Depreciation (19 150 + 4 500 ✓✓+ 17 999 ✓✓)	One part correct		41 649	☑*
Directors' fees (800 000✓✓+160 000 ✓+ 260 000✓)	960 000 three marks One part correct		1 220 000	☑*
Trading stock deficit [189 450 – 160 050]			29 400	✓✓
Bank charges			550	✓
Provision for bad debts adjustment			860	✓
Insurance (31 400✓ – 1 650✓✓)	one part correct	19	29 750	☑*
Operating profit			1 182 885	
Interest income	Balancing figure		119 600	
Profit before interest expense	NPBT + IE		1 302 485	
Interest expense	[5 400 x 12]		(64 800)	✓
Net profit before tax	NPAT + IT		1 237 685	
Income tax (277 785✓ – 36 600✓)	one part correct		(241 185)	☑*
Net profit after tax $\left(398\ 600 \times \frac{100}{40}\right)$	[187 000 + 211 600]	4	996 500	

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*one part correct, must have an accuracy mark to award a method mark
-1 foreign items (max -2) i.e SFP items; -1 presentation (max -1).
Prov. for bad debt adjustment must be shown as an expense.
Note principle 10 when awarding method marks; Operation as per candidate's operation, unless otherwise specified

1.2 Statement of Financial Position as at 28 February 2026

EQUITY AND LIABILITIES			
ORDINARY SHAREHOLDERS' EQUITY		**2 897 000**	
Ordinary share capital		**2 100 000**	
Retained income		**797 000**	
NON-CURRENT LIABILITIES		383 600	
Loan: Link Bank (423 200 ✓ + 64 800 ✓ – 104 400 ✓) Two marks one mark **OR** (488 000 – 104 400) One mark Two marks **OR** (423 200 – 39 600) One mark [3 300 x 12] Two marks **OR** (423 200 - [8 700 – 5 400])	4	383 600	☑*
CURRENT LIABILITIES (1 305 000/ 1,6)		815 625	✓✓
Trade and other payable Dir Fees Pay Cred Disc rec Rent Inc Dep Rent **(234 500** + 160 000✓– 7 200✓– 800☑ + 24 000☑ + 4 950 ✓ –8 000 Two marks		415 450	☑*
Current portion of loan		104 400	✓
Shareholders for dividends		211 600	✓#
Bank (overdraft) balancing figure (do not accept a -ve figure)		84 175	☑
TOTAL EQUITY AND LIABILITIES	12	4 096 225	☑

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*one part correct
-1 foreign items (max -2); presentation -1 (max -1)
SFD may be included in T&OP
Note principle 10 when awarding method marks; Operation as per candidate's operation, unless otherwise specified

TOTAL MARKS	50

QUESTION 2

2.1 Retained Income Note on 31 March 2026

Balance at the beginning	**1 691 400**	
Net profit after tax	1 960 000	✓
Buy- back of shares (192 000 ✓✓ X 0,35 ✓✓) **or** (192 000 ✓✓x 7.90✓) (1 584 000✓ – 1 516 800 (three marks) = -67 200☑ mark one option	(67 200)	☑
Dividends (1 408 000 x 0,55) *one method mark if balancing figure	(774 400)	✓☑
Paid	**563 200**	
Final *Tot div – int div, do not accept a negative figure*	211 200	☑*
Balance at the end	2 809 800	✓

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*One method mark if balancing figure and calculations not shown.
Can't award full marks out of 10 if one of figures incorrect.*

2.2.1 Taxation paid

WORKINGS	ANSWER
-840 000 ✓ – 70 000 ✓ – 50 000 ✓ **OR** 840 000 + 70 000 + 50 000 Accept T-account calculations / mark only one option	(960 000) ☑ Ignore brackets in final answer Operation One part correct

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2.2.2 Operation profit before changes in working capital

WORKINGS		ANSWER
1 960 000 + 840 000 2 800 000 ✓✓ + 85 000 ✓ + 102 000 ✓		
OR		
Profit before tax (1 960 000 + 840 000)	2 800 000 two marks	2 987 000 ☑ Operation One part correct
Adjust for:		
Depreciation	85 000 one mark	
Interest expense	102 000 one mark	

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2.3.1

Cash flow from investing activities Operation one part correct		60 000 ☑
Purchases of Fixed assets (12 946 950✓ + 85 000✓ + 995 000✓ – 12 116 950✓) **or** (-12 946 950 – 85 000 – 995 000 + 12 116 950) Mark only one option		(1 910 000) ☑ one part correct
Proceeds from sale of fixed assets		995 000 ✓
Decrease in financial assets (78 000 x 100/8)		975 000 ✓✓

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2.3.2

Cash flow from financing activities Operation one part correct	(2 659 000) ☑
Proceeds from shares issued	**0**
Repurchase of shares	(1 584 000) ✓
Changes in loan (2 300 000 – 1 225 000)	(1 075 000) ✓✓

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2.4.1 % operating profit on sales

WORKINGS	ANSWER
$\frac{2\ 824\ 000}{8\ 100\ 000} \times \frac{100}{1}$	35%✓☑ also accept 34,86% and 34,9% one part correct x 100 is not one part correct % not needed

2

2.4.2 Acid-test ratio

WORKINGS	ANSWER
3 400 000✓ – 1 100 000✓ : 1 188 950 ✓ 2 300 000 Two marks	1,9 : 1 ☑ also accept 1,93 : 1

4

2.4.3 Solvency ratio

WORKINGS	ANSWER
(12 946 950✓ + 3 400 000 ✓) : 2 413 950 ✓ 16 346 950 Two marks	6,8 : 1☑ Also accept 6,77: 1 one part correct

4

2.5

The directors decided to make a large repayment on the mortgage bond. Mention TWO sources of funding this repayment. Quote figures.	
Source of funding	**Figures**
Fixed deposit matured ✓	975 000 ☑ see 2.3.1
Disposed land and buildings ✓ Do not accept any other response	995 000 ✓

4

TOTAL MARKS	46

QUESTION 3

3.1

3.1.1	Return on total capital employed /accept ROTCE	✓
3.1.2	Liquidity	✓
3.1.3	Return on shareholders' equity / accept ROSHE	✓

3

3.2.1 **Quote and explain TWO financial indicators to show that the company is NOT managing its expenses efficiently.**

Financial indicator ✓ ✓ figure and trends ✓ ✓

- % operating expenses on sales increased from 20,5% to 22,8%/11,2%/by 2,3% points
- % operating profit on sales decreased from 19,8% to 17,2%/13,1%/by 2,6% points.

Do not accept mark-up % or % net profit on sales since it increased.

4

3.2.2 **Some shareholders are satisfied with the control of working capital of the company. Quote THREE financial indicators, with figures, to support this.**

Financial indicator ✓ ✓ ✓ figure and trends ✓ ✓ ✓

- Current ratio increased from 1,6 : 1 to 2,3 : 1
- Stockholding period decreased from 102 days to 60 days
- Stock turnover rate increased from 5 times to 8 times

Do not accept debtors' collection period or creditors' payment period.

6

3.2.3 **Comment on the dividend pay-out policy. Provide ONE point with figures.**

Financial indicator and figures ✓

- Dividend payout rate increased (from 69%) to 107%/by 38/(55%).

Explanation ✓✓

- Directors used retained income funds for increased pay-outs to keep shareholders happy / To keep shareholders happy (please them)
- No future plans/ no growth plans / depleting retained income of previous year / No retaining of income in the business / zero % retained.
- More dividends declared than profit, using retained income to declare dividend, EPS of 158 cent less than DPS of 169 cent(DPS more than EPS)

Accept other relevant explanations

A shareholder wants to sell his shares to invest in a 5-year fixed deposit account at his bank. Explain whether this is a wise decision.

6

Financial indicator and figures ✓

- ROSHE increased (from 18%) to 20,9%/by 2,9%/by 16% points.

Any one valid explanation ✓✓

- ROSHE of 20,9% is higher than interest on fixed deposit of 11%.
- Shareholders will not receive a better return on alternative investment; therefore, this is not a wise decision.

3.2.4 **Provide advice to the board of directors on whether they should issue more shares or take an additional long-term loan to fund the company's operations. Quote TWO financial indicators with figures.**

Financial indicator no 1 with figures and trend ✓
Debt-equity ratio increased (from 0,8 : 1) to 2,5 : 1.
Explanation ✓
This indicates a high risk for the business. / To much borrowed capital.

Financial indicator no 2 with figures and trend ✓
ROTCE decreased (from 12,7%) to 10,2% / 2,5%/by 19,7% points.
ROTCE compared to interest rate on loan ✓
ROTCE of 10,2% is below the interest on loan of 13%.
Explanation ✓
This indicates negative gearing.
Advice ✓
They should issue more shares.
Max -1 for superfluous additional financial indicators mentioned.

6

3.2.5 **Calculate the minimum number of shares that Judy must buy in March 2026 to gain control of the company.**

WORKINGS	ANSWER
3 000 000 – 310 000 [2 690 000 x 51/100] 1 371 900 ✓✓ – 2 100 000 - 310 000 [1 790 000 x 46/100] 823 400✓✓ **OR** (2 690 000 X 50%) + 1 1 345 001 – 823 400 Two marks two marks	548 500 ☑ OR 521 601 one part correct

5

Judy wants to purchase the additional shares at R8,50. Give TWO reasons why you would NOT support her.

Compare purchase price of R8,50 with MP ✓ Reason ✓
Compare purchase price of R8,50 with NAV ✓ Reason ✓

- She is offering R8,50 (850 cents) while the market value is R15,90 (1 590 cents). This is below the market price; the company would lose on possible equity.
- The price of R8,50 (850 cents) is below the net asset value (NAV) of R10,50 (1 050 cents). This would drop the value of existing shares.

4

TOTAL MARKS	34

QUESTION 4

4.1

4.1.1	B	✓
4.1.2	D	✓
4.1.3	A	✓

3

4.2 CORPORATE GOVERNANCE

4.2.1

What document is used by a public company to offer new shares to the public?

- Prospectus ✓

1

4.2.2

How can Jelle Logistics improve its fixed asset management system? Provide TWO points.

Any TWO valid points ✓✓ ✓✓

part marks for incomplete/partially correct answers

- Use unique identifiers like barcodes, QR codes, or RFID tags for real-time location and status.
- Use automated check-in/check-out system to reduce errors and track usage efficiently/logbook
- Utilise a Fixed Asset Management (FAM) Software.
- Conduct regular audits and maintain records.
- Perform physical audits to match records with actual assets.
- Keep asset register / Keep detailed records of purchase dates, values, location, and depreciation
- Schedule regular inspections to extend asset life and prevent costly downtime / regular maintenance
- Use data to identify underperforming assets needing repair or replacement.
- Ensure all users understand the system and procedures for widespread adoption.

4

4.2.3 **What is the role of the board of directors in corporate governance? Provide TWO points.**

Any TWO valid points ✓✓ ✓✓

part marks for incomplete/partially correct answers

- The board sets the company's long-term goals and objectives, ensuring they align with the company's mission and values.
- They establish a framework for identifying, assessing, and managing risks that could impact the company.
- The board monitors the company's performance against its goals and objectives, holding management accountable for results.
- They ensure the company operates with integrity and adheres to ethical standards and legal requirements.
- The board ensures transparency in communication and discloses relevant information to shareholders and stakeholders.
- The board is responsible for hiring, firing, and evaluating the CEO and other top executives.
- They establish policies and procedures to guide the company's operations and ensure compliance with laws and regulations.
- The board oversees the allocation of company resources, including capital expenditures and investments.
- They represent the interests of shareholders and other stakeholders, including employees, customers, and the community.
- Setting Compensation: The board determines executive compensation and ensures it is aligned with performance and the company's overall success.
- They approve the company's budget and major financial decisions.
- The board ensures the accuracy and reliability of the company's financial reporting.
- They develop and implement succession plans for key leadership positions.
- The board establishes policies to address potential conflicts of interest among directors, officers, and employees.

4

4.3 AUDIT REPORT

4.3.1 **Why does the Companies Act make it a requirement for public companies to be audited by an independent auditor? Provide TWO points.**

Any TWO valid points ✓✓ ✓✓

part marks for incomplete/partially correct answers

- To protect the interests of shareholders and potential investors.
- To ensures that all public companies adhere to the same standards of financial reporting and accountability.
- To identify/reveal areas where internal controls can be strengthened and financial processes improved.
- It demonstrates that the company's financial information is reliable and trustworthy.

4

4.3.2 **What is the significance of the reference to CA (SA)?**

Any ONE valid point ✓✓ part marks for incomplete/partially correct answers

- This provides assurance to the readers that the audit has been properly done.
- To show that the audit has been done by professionals with CA qualifications.
- Assures employers worldwide of the professional's high standard of competence and expertise.

2

4.3.3 **What action would Dossy & Vuyi have to perform to verify the donation and advertising figures in the financial statements? Provide ONE point.**

Any ONE valid point ✓✓ part marks for incomplete/partially correct answers

- Examine the financial records of the business – external audit/Examine a sample of donations records (source documents) and any written correspondence/Review appraisals and documentations that supports the recorded fair market value (for large non-cash donations).
- Sample of major donors to confirm the amounts donated and any restrictions associated with the funds.
- Assess the internal control of the business.
- Assess the accounting principles used by the business.
- Confirm with external vendors or advertising agencies that the services were indeed provided and for the agreed-upon price.
- Minutes approved advertising/donations/ Authorization of transaction

2

TOTAL MARKS	20

TOTAL: 150