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PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P1

SEPTEMBER 2022

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
4			
TOTAL			

This answer book consists of 10 pages.

	1.2.1		(30)
	1.2.2	Notes to the Statement of Financial Position for:	
		• Ordinary share capital	(7)
		• Retained income	(7)
	1.2.3		(12)

QUESTION 1

1.1

1.1.1		
1.1.2		
1.1.3		
1.1.4		

4

1.2 GLOBAL TRADING LTD

1.2.1

Calculation of the correct net profit after tax		
Incorrect net profit		1 089 238
i.		
ii.		
iii.		
iv.		
v.		
vi.		
vii.		
viii.		
Correct net profit before tax		
Income tax		
Net profit after tax		

22

1.2.2

SHARE CAPITAL		
3 000 000	Shares issued at the beginning of the year	3 900 000
	Shares at the end of the year	6 775 000

7

1.2.3

RETAINED INCOME	
Balance at the beginning of the year	1 190 264
Dividends	
Interim	110 000
Balance at the end of the year	

8

1.2.4

GLOBAL TRADING LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary share capital	6 775 000
Retained income	
NON-CURRENT LIABILITIES	
Loan: Custom Bank	
CURRENT LIABILITIES	
Trade and other payables (166 800	
TOTAL EQUITY AND LIABILITIES	

19

60

QUESTION 2

2.1

2.1.1		2.1.3	
2.1.2		2.1.4	

4

2.2.1

(i) Calculate the mark-up % for the year

4

(ii) Calculate the % return on shareholders' equity

5

(iii) Calculate the net asset value per share

3

No	Workings	Answer
(a)		
(b)		
(c)		
(d)		

(i) The total dividends for the financial year.

(ii) The balance of the loan on 30 June 2022.

2.2.4 The Cash Flow Statement highlights some crucial decisions taken by the directors. Explain TWO of these crucial decisions. Quote figures to support your answer. Explain how these decisions would benefit the company.

Decisions (with figures)	Explanation of benefits

6

45

QUESTION 3

3.1.1

Zee Ltd is more liquid than Ryan Ltd. Quote and explain TWO financial indicators (with figures) to prove your agreement.

6

3.1.2

Which company uses more loans? Quote and explain a financial indicator to support your answer. Explain whether this is a good idea or not.

6

3.1.3

Explain why you think the market price of Ryan Ltd's shares is much better than that of Zee Ltd. Quote and explain TWO financial indicators to support your answer.

4

3.1.4 Which company is more likely to expand its business? Explain your answer by using relevant calculations.

5

3.1.5 Ryan Ltd has a better percentage return, earnings and dividends than Zee Ltd. Explain THREE financial indicators to support this opinion.

9

30

QUESTION 4

4.1

Comment on the audit reports of both companies. If you want to buy shares in a company, explain how the report will affect your decision concerning the shares you would purchase in the company.

In which company should you rather invest?

5

4.2

4.2.1		4.2.3	
4.2.2		4.2.4	

4

4.3

The purpose of a business rescue plan is to provide a company with temporary supervision and protection against its creditors, to give them a 'breathing space' to reorganise and restructure its financial affairs. Name TWO parties who might be affected by a business rescue plan.

--

2

4.4

Who is the audit report addressed to? Give a reason for your answer.

--

2

4.5

Give TWO examples of audit evidence that the auditors would have required to complete the audit.

--

2

15

TOTAL: 150