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GRADE 12

SEPTEMBER 2022

**ACCOUNTING P1
ANSWER BOOK**

QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS
1	60		
2	40		
3	35		
4	15		
	150		

This answer book consists of 11 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2.1

Calculate the following:

WORKINGS	ANSWER
Closing stock:	
Missing stock:	

4

2

1.2.2 Calculate the correct net profit after tax for the year ended 30 June 2022. Indicate '+' for increase and '-' for decrease at each adjusted amount.

NO.	WORKINGS	ANSWER
	Incorrect net profit before tax	3 199 890
(i)	Stock loss	
(ii)	Provision for bad debts-adjustment	
(iii)	Directors fees	
	Rent income	
	Advertising	
(iv)	Interest expense	
	Income tax	
	Net profit after tax	

17

1.2.3 STATEMENT OF FINANCIAL POSITION FOR ON 30 JUNE 2022

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Financial assets	200 000
CURRENT ASSETS	
Inventories	
Trade and other receivables	
Cash and cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Ordinary share capital	3 948 000
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
Current portion of loan	185 000
TOTAL EQUITY AND LIABILITIES	

33

TOTAL MARKS

60

QUESTION 2

2.1 Calculate the following financial indicators on 28 February 2022:

2.1.1 Acid-test ratio

WORKINGS	ANSWER

4

2.1.2 % Return on average capital employed

WORKINGS	ANSWER

5

2.1.3 Dividend per share (DPS)

WORKINGS	ANSWER

4

2.2 Ordinary Share Capital Note

1 700 000	Shares in issue on 1 March 2021	5 100 000
(150 000)		
1 950 000	Balance on 28 February 2022	6 240 000

3

2.3 Calculate the following:

2.3.1 Change in receivables (indicate if it is an inflow or outflow of cash)

WORKINGS	ANSWER

5

2.3.2 Income tax paid

WORKINGS	ANSWER

5

2.3.3 Fixed assets purchased

WORKINGS	ANSWER

4

2.4 Complete the following sections of the Cash Flow Statement.

2.4.1

CASH EFFECTS OF FINANCING ACTIVITIES	

7

2.4.2

NET CHANGE IN CASH AND CASH EQUIVALENTS	
Cash (opening balance)	61 200
Cash (closing balance)	

3

TOTAL MARKS

40

QUESTION 3**3.1 Profitability:**

Identify the company with the better profitability financial indicators. Quote TWO financial indicators.

3

3.2 Liquidity:

3.2.1 Explain which company's liquidity position will make shareholders happy. Quote TWO financial indicators in your explanation.

6

3.2.2 Explain TWO points on how the other company can improve their liquidity position. Make reference to a specific financial indicator.

4

- 3.3 Comment on the change in the dividend pay-out-policy of EACH company. Quote figures. In each case, provide a possible reason why each company has decided on a change of policy.

	Comment	Explanation
Dally Ltd		
Nana Ltd		

6

- 3.4 Risk and Gearing:

Comment on how each company is managing their risk and gearing. Quote TWO financial indicators in your explanation.

Dally Ltd:

Nana Ltd:

8

3.5 Percentage shareholding and share price:

3.5.1 Comment on the price paid for the repurchase of shares by Dally Ltd. Provide TWO points. Quote figures.

4

3.5.2 Explain the effect of the share repurchase on the % shareholding of the Bravo family in EACH company. Provide a calculation to support your explanation.

Dally Ltd:

Nana Ltd:

4

TOTAL MARKS	35
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QUESTION 4

- 4.1.1 Identify the type of report issued by the auditor. Provide ONE reason for your answer.**

TYPE:

REASON:

3

- 4.1.2 Explain the impact of such a report on the image of the company. State ONE point.**

2

- 4.2.1 Explain why it is unethical for the CEO to accept this offer. State TWO points.**

4

- 4.2.2 Mention possible implications for the CEO should he accept this offer. Explain TWO points.**

4

4.2.3 Suggest TWO ways in which corporate social responsibility can be achieved through good corporate governance.

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2

TOTAL MARKS

15

TOTAL MARKS: 150