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JUNE EXAMINATION GRADE 12

2023

ACCOUNTING

(PAPER 1)

ANSWER BOOK

NAME AND SURNAME:	
NAME OF SCHOOL:	

QUESTION	MARKS OBTAINED	MODERATED MARK
1		
2		
3		
4		
TOTAL		

11 pages

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	

3

1.2.1

Calculate: Depreciation on vehicles	
WORKINGS	ANSWER
Vehicle 1:	
Vehicle 2:	

4

1.2.2

Calculate: Profit/Loss from sale of vehicle 2	
WORKINGS	ANSWER
	Profit OR Loss (Circle your choice.)

4

NOTE: The amounts calculated above must be transferred to
Question 1.2.3, the Statement of Comprehensive Income.

1.2.3 Statement of Comprehensive Income (Income Statement) for the year ended 28 February 2023

Sales	
Cost of sales	
Gross profit	
Other income	
Discount received	2 090
Rent income (165 600	
Gross operating income	
Operating expenses	
Salaries and wages	164 430
Audit fees	131 470
Stationery	17 630
Insurance (22 800	
Bank charges (5 770	
Directors' fees (768 000	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense (1 300	
Net profit before tax	
Income tax	
Net profit after tax	1 050 455

1.2.4 Statement of financial position (Balance sheet) on 28 February 2023

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Fixed Deposit	
CURRENT ASSETS	
Inventory	
Trade and other receivables (71 829)	
Cash and Cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Ordinary share capital	1 320 000
Retained income	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
Bank overdraft (90 040)	
TOTAL EQUITY AND LIABILITIES	

28

65

QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

3

2.2 BENFORCE LTD.

2.2.1 Ordinary Share Capital

900 000	Ordinary shares on 1 March 2022	
	Ordinary shares on 28 February 2023	5 292 000

7

2.2.2

Calculate income tax paid.

4

Calculate net change in cash and cash equivalents.

Indicate whether this is a net inflow or net outflow of cash by circling your choice.

5

2.2.3

Cash effects of investing activities

8

2.2.4

Calculate the percentage operating profit on sales.

WORKINGS	ANSWER

3

Calculate the current ratio.

WORKINGS	ANSWER

3

Calculate the stock turnover rate.

WORKINGS	ANSWER

3

2.3

List the TWO most significant decisions that the directors made during the year. Quote figures from the Cash Flow Statement in each case.

4

40

QUESTION 3**3.1.1**

Explain why the liquidity of Lemi Ltd. is better than that of Dobi Ltd. Quote THREE financial indicators to support your answer.

9

3.1.2

Which company uses more loans? In each case, quote a financial indicator to support your answer.

Explain whether this is a good idea or not. Quote a financial indicator to support your answer.

6

3.1.3

The market price of the shares of Dobi Ltd. is doing much better than that of Lemi Ltd. Explain, quoting TWO financial indicators to support the opinion.

4

3.1.4

Dobi Ltd has a better percentage of returns, earnings, and dividends than Lemi Ltd. Explain by quoting THREE financial indicators to support this opinion.

9

3.2

Comment on the audit reports of Dobi Ltd and Lemi Ltd. In each case, explain how the report will affect Mary's decision concerning the shares she wishes to purchase in the company.

4

3.3

Calculate the number of shares that Mary must buy to become the majority shareholder of Dobi Ltd.

WORKINGS	ANSWER

3

35

QUESTION 4:

4.1 What is *insider trading*? Explain in your own words.

2

4.2 How does good corporate governance benefit the company?

2

4.3 What are the roles and responsibilities of the remunerations committee? Explain briefly.

2

4.4 There are seven primary characteristics of good governance. Name any TWO characteristics.

2

4.5 Briefly explain why it is important for a company to include non-executive as well as executive directors on the board of directors.

2

10



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ACCOUNTING ANSWER BOOK P1

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