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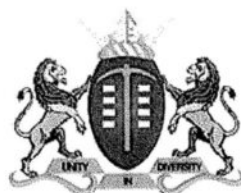
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**GAUTENG PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA

# PREPARATORY EXAMINATION

## 2023

10711

**ACCOUNTING  
PAPER 1**

**ANSWER BOOK**

11 pages

NAME OF SCHOOL: \_\_\_\_\_

NAME OF LEARNER: \_\_\_\_\_

QUESTION	TOPIC	MARKS	LEARNER'S MARKS
1	Retained Income Note and Statement of Financial Position	55	
2	Cash Flow Statement and Financial Indicators	45	
3	Interpretation of Financial Statements	35	
4	Corporate Governance	15	
TOTAL		150	

**QUESTION 1**

1.1

**Calculate: Value of closing stock**

WORKINGS	ANSWER

5

1.2

**(i) Calculate: Accumulated depreciation on vehicles**

WORKINGS	ANSWER

2

**(ii) Calculate: Depreciation on equipment for the year**

WORKINGS	ANSWER

5

**(iii) Calculate: Disposal at carrying value on vehicles**

WORKINGS	ANSWER

5

1.3

**RETAINED INCOME NOTE ON 30 JUNE 2023**

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

10

## 1.4 Statement of Financial Position on 30 June 2023

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

28

MARKS

55

4

## QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

3

2.2.1

Calculate: Inventory amount at the end of the financial year

WORKINGS	ANSWER

2

Calculate: Income tax paid

WORKINGS	ANSWER

4

Calculate: Dividends paid

WORKINGS	ANSWER

3

Calculate: Purchase of fixed assets

WORKINGS	ANSWER

5

5

2.2.2

CASH EFFECTS OF FINANCING ACTIVITIES	

8

2.2.3

NET CHANGE IN CASH AND CASH EQUIVALENTS	

6

2.2.4

Calculate: % net profit before tax on sales	
WORKINGS	ANSWER

3

Calculate: Current ratio	
WORKINGS	ANSWER

3

Calculate: Dividends per share	
WORKINGS	ANSWER

4



6

Calculate: % returns on shareholders' equity	
WORKINGS	ANSWER

4

MARKS
45



**QUESTION 3**

- 3.1.1** Cruz has been concerned about the company's working capital over the years. He proposed a new approach to the directors of converting assets into cash quickly. Quote TWO financial indicators and explain why his concern is justified.

4

- 3.1.2** A shareholder has proposed that Cruz acquires a loan from his wife, who is a bank consultant. Cruz did not agree with the proposal. Explain why you agree with Cruz. Quote TWO financial indicators.

6

- 3.1.3** Provide a calculation which validates their decision.

4

Give ONE reason why they took this decision.

2



- 3.1.4  
(a) Comment on the % returns and earnings per share of the company. Quote TWO financial indicators with figures.

4

- (b) Comment on the share price on the JSE and how the % returns and earnings per share have affected the share price. Quote figures.

2

- 3.1.5  
(a) State TWO different points to justify their concern. Quote figures and financial indicators.

POINT 1:

POINT 2:

4

9

- (b) Explain why the other directors were unhappy with the price paid for the shares repurchased from Cruz. State TWO points. Quote financial indicators and figures to support EACH point.

POINT 1:

POINT 2:

4

- (c) Provide a calculation and comment on whether the repurchase of these shares affected Cruz's shareholding status or not.

WORKINGS	ANSWER

COMMENT:

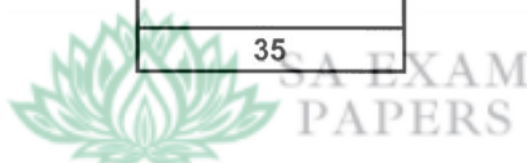
3

- (d) Explain why the public was not interested in buying the new shares issued at R7,90 per share. Quote ONE financial indicator with a trend. (excluding EPS AND ROSHE).

2

MARKS

35



P.T.O.

**QUESTION 4**

4.1

**Provide TWO key functions for which the Human Resources Division may be responsible.**

2

**List TWO qualities that they may consider in a prospective candidate for a management position.**

2

**Explain the role of a CEO in a company.**

2

**What impact would the image of the company have on the market price of shares? Explain ONE point.**

2

11

4.2

**Provide TWO possible questions that a concerned stakeholder may have raised with the Human Resources Division at the meeting.**

2

**Explain ONE strategy that Mangray Ltd can use to involve its employees in collective decision-making. Provide a reason for your answer.**

3

**“Good corporate governance helps companies to thrive and compete.”  
Provide TWO points to show why you agree with this statement.**

2

MARKS

15

TOTAL: 150