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Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**2024 PRE-TRIAL
EXAMINATION**

**ACCOUNTING P1
ANSWER BOOK**

| QUESTION | MAXIMUM MARKS | MARKS OBTAINED | MODERATED MARK |
|--------------|---------------|----------------|----------------|
| 1 | 60 | | |
| 2 | 40 | | |
| 3 | 35 | | |
| 4 | 15 | | |
| TOTAL | 150 | | |

This answer book consists of 11 pages.



SA EXAM
PAPERS

QUESTION 1

1.1 FASSI LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
29 FEBRUARY 2024

| | |
|---|--------------------|
| Sales | |
| Cost of sales | |
| Gross profit | 8 480 000 |
| Other income | |
| Commission income | 53 000 |
| | |
| | |
| Gross income | |
| Operating expenses | |
| Depreciation | 506 800 |
| | |
| | |
| | |
| | |
| | |
| Sundry expenses | |
| Operating profit | |
| Interest income | |
| Net profit before interest expense | |
| Interest expense | |
| Net profit before tax | |
| Income tax | (1 186 640) |
| Net profit after tax | |

32

1.2.1 ORDINARY SHARE CAPITAL

| | | | |
|--|-------------------------------------|------------------|----------|
| | Shares in issue 1 March 2023 | 4 417 500 | |
| | | | |
| | | | |
| | | | |
| | | | 8 |

1.2.2 RETAINED INCOME

| | | |
|------------------------------------|------------------|----------|
| Balance on 1 March 2023 | 1 682 400 | |
| | | |
| | | |
| Ordinary share dividends | | |
| | | |
| | | |
| Balance on 28 February 2024 | | 8 |

1.3 STATEMENT OF FINANCIAL POSITION ON 29 FEBRUARY 2024
EXTRACT FROM EQUITY AND LIABILITIES

| | |
|---------------------------------|--|
| NON-CURRENT LIABILITIES | |
| | |
| | |
| CURRENT LIABILITIES | |
| Trade and other payables | |
| | |
| | |
| | |
| | |

| | | |
|--------------------|-----------|--|
| TOTAL MARKS | 60 | |
|--------------------|-----------|--|



QUESTION 2**2.1 RECONCILIATION BETWEEN NET PROFIT BEFORE TAX AND CASH GENERATED FROM OPERATIONS**

| | | |
|--|-----------|----|
| Net profit before tax | 877 000 | |
| Adjustments in respect of: | | |
| Depreciation | 240 640 | |
| Interest expense | 120 120 | |
| Operating profit before changes in working capital | 1 237 760 | |
| Cash effects of changes in working capital. | | |
| | | |
| | | |
| | | |
| Cash generated from operations | | 11 |

2.2 Calculate the following amounts that would appear on the Cash Flow Statement.

| | | |
|------------------------------|-----------------|---------------|
| 2.2.1 Income tax paid | | |
| | WORKINGS | ANSWER |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | 4 |

| | | |
|-----------------------------|-----------------|---------------|
| 2.2.2 Dividends paid | | |
| | WORKINGS | ANSWER |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | 4 |

2.2.3 Purchase of fixed assets

| WORKINGS | ANSWER |
|-----------------|---------------|
| | |

| |
|---|
| |
| 5 |

2.2.4 Net change in cash and cash equivalents

| WORKINGS | ANSWER |
|-----------------|---------------|
| | |

| |
|---|
| |
| 4 |

2.3 Calculate the following financial indicators for the financial year ended 29 February 2024.**2.3.1 Current ratio**

| WORKINGS | ANSWER |
|-----------------|---------------|
| | |

| |
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| |
| 3 |



QUESTION 3**3.1**

| | |
|--------------|--|
| 3.1.1 | |
| 3.1.2 | |
| 3.1.3 | |
| 3.1.4 | |

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| 4 |

3.2

The directors are satisfied with the improvement in the current ratio and acid-test ratio. Explain why you would disagree with them regarding the company's liquidity. Quote TWO financial indicators.

| |
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| |
| 6 |

3.3 Retention or distribution of profits to shareholders.

Comment on whether the company tends to towards retaining or distributing its profits. Quote relevant financial indicators.

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| 4 |



Explain how the distribution of profits could affect the share price on the JSE. Give ONE explanation in favour and ONE against the distribution of profits.

| In Favour | Against |
|-----------|---------|
| | |

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| 4 |

3.4

Explain why the shareholders should be satisfied with the return they get from the company. Quote a financial indicator and figures.

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3.5

Comment on the gearing and degree of risk for 2024. Quote TWO relevant indicators in your comment.

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| 6 |

- 3.6 All the new shares issued on 29 February 2024 were sold to the CEO, Imran. Explain TWO points why you think the shareholders are not happy with this. Quote figures.

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| 4 |

- 3.7 Calculate Imran's percentage shareholding on 29 February 2024. Comment on your findings.

| |
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| |
| 3 |

| | | |
|-------------|----|--|
| TOTAL MARKS | 35 | |
|-------------|----|--|

QUESTION 4**4.1****4.1.1****4.1.3****2****4.2.1****Identify and explain the type of audit report referred to in paragraph 3.****Type of report:****Explanation:****3****4.2.2****Provide TWO points why an existing shareholder would be concerned about this report?****4****4.2.3****Explain why Emerald auditing firm was used to audit the company financial statements.****2**

4.2.4 Explain TWO concerns from the extract which relates to poor corporate governance and provide a consequence in each case.

| CONCERN | CONSEQUENCE |
|---------|-------------|
| | |

| |
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| |
| 4 |

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|-------------|----|--|
| TOTAL MARKS | 15 | |
|-------------|----|--|

TOTAL: 150