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**JUNE EXAMINATION
 GRADE 12
 2024**

**ACCOUNTING
 (PAPER 1)
 ANSWER BOOK**

NAME AND SURNAME:	
NAME OF SCHOOL:	

QUESTION	TOPIC	MARKS	LEARNER'S MARKS	MODERATOR'S MARKS
1	Statement of Comprehensive Income, Notes and Statement of Financial Position	65		
2	Cash Flow Statement and Interpretation	40		
3	Analysis and Interpretation of Financial Indicators	35		
4	Audit Reports and Corporate Governance	10		
TOTAL		150		

10 pages



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GR12 0624

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QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME, NOTES AND
STATEMENT OF FINANCIAL POSITION (65 marks; 52 minutes)

1.1 COMPANY CONCEPTS

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 JONTY LIMITED

1.2.1

No.	Workings	Answer
(i)		
(ii)		
(iii)		
(iv)		

10

1.2.2 Statement of Comprehensive Income for the year ended 29 February 2024

Sales (3 345 000)		
Cost of sales (2 787 500)		
Gross profit		
Other income		
Commission income	82 600	
Bad debt recovered	3 260	
Rent income (208 250)		
Gross operating income		
Operating expenses		
Salaries and wages	921 268	
Audit fees	76 000	
Loss on sale of asset	10 000	
Sundry expenses	292 330	
Bad debts (14 100)		
Depreciation (83 200)		
Directors' fees (1 540 000)		
Operating profit		
Interest income	27 000	
Profit before interest expense		
Interest expense		
Net profit before tax		
Income tax		
Net profit after tax		28

1.2.3 Ordinary Share Capital Note

Authorised share capital: 3 000 000 ordinary shares

1 000 000	Ordinary shares at the beginning	
(120 000)	Shares repurchased	
	Shares at the end of the year	6 600 000

7

1.2.4 Equity and Liabilities section of the Statement of Financial Position on 29 February 2024

EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary share capital	6 600 000
Retained income	
NON-CURRENT LIABILITIES	
Mortgage loan	
CURRENT LIABILITIES	
Trade and other payables (774 290)	
TOTAL EQUITY AND LIABILITIES	

16

65

QUESTION 2.: CASH FLOW STATEMENT AND INTERPRETATION

(40 marks; 32 minutes)

DRUA LTD

2.1

(a) Operating profit before changes in working capital	
WORKINGS	ANSWER

4

(b) Changes in working capital. Indicate whether there is an increase or decrease. Circle or underline the correct option.	
Increase in Inventory	(135 850)
Increase/Decrease in debtors	
Increase/Decrease in creditors	
Changes in working capital	

9

(c) Income tax paid	
WORKINGS	ANSWER

4

(d) Dividends paid	
WORKINGS	ANSWER

3

(e) Cash Flow from Operating Activities	
WORKINGS	ANSWER

6

2.2 (a) Retained Income Note

Balance at the beginning of the year	1 875 000
Ordinary share dividends	(372 250)
Final dividend	157 500
Balance at year end	2 661 750

5

(b) Cash Flow from financing activities	

5

2.3

The Cash Flow Statement reflects some important decisions made by the directors over the past year. Explain ONE good decision and ONE bad decision made by the directors. Provide calculations/figures to support your answer.

Good decision with figures	Explanation
Bad decision with figures	Explanation

4

40

QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL INDICATORS
(35 marks; 28 minutes)

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2 JACKSON LTD

3.2.1

Net profit after tax on sales	
WORKINGS	ANSWER

3

Return on shareholders' equity	
WORKINGS	ANSWER

4

3.2.2

Comment on Jackson Ltd's ability to control expenses. Quote financial indicators and figures to support your answer.

3

3.2.3

The directors of the company feel that working capital has improved over the financial period. Quote TWO financial indicators and figures that support the directors' opinion. Comment on the figures provided.

6

3.2.4

The directors decided to take out an additional loan at the start of the current period. In hindsight, some of the directors think that this was a poor decision. Discuss the impact that the additional loan has on the business. Quote financial indicators and figures to support your answer.

6

3.2.5

Jenny Gusto is a shareholder of the company. She currently owns 12 500 shares and is considering selling her shares as she views the company as underperforming.

Provide ONE reason with financial indicators and figures to support Jenny's view to sell her shares.

3

Provide ONE reason with financial indicators and figures to convince Jenny to reconsider her decision and keep her shares.

3

3.2.6

If Jenny sells her shares now, calculate whether she will make a profit or loss. Jenny purchased all the shares at an issue price of R5,80 per share, two years ago.

WORKINGS	ANSWER

4

35

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QUESTION 4: AUDIT REPORTS AND CORPORATE GOVERNANCE

(10 marks; 8 minutes)

4.1 What kind of audit report did Broderick Ltd receive from the independent auditors, Vilakazi and Son?

--

1

4.2 As a shareholder, explain why you would be concerned about this audit report. State TWO points.

--

4

4.3 Give TWO examples of audit evidence that auditors will require when fulfilling their duties.

--

2

4.4 Explain the role/responsibility of the remuneration committee and give a reason why this committee is necessary.

Explanation:

Reason:

3

10





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