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ACCOUNTING P2

GRADE 12

SEPTEMBER 2024

SPECIAL ANSWER BOOK

QUESTION	MAX MARKS	MARKS AWARDED	MODERATOR
1	55		
2	35		
3	45		
4	15		
TOTAL	150		

This answer book consists of 11 pages.



QUESTION 1**1.1 GAAP CONCEPTS**

1.1.1	
1.1.2	
1.1.3	

3

1.2 IVORY COSMETICS LTD

1.2.1 Refer to adjustment (vii). Calculate the profit/loss on disposal of fixed asset.

WORKINGS	ANSWER

5



1.2.2 IVORY COSMETICS LTD
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
29 FEBRUARY 2024

Sales		
Cost of sales		
Gross profit		
Other operating income		
Fee income (1 620 000)		
Rent income (132 000)		
Gross operating income		
Operating expenses		
Telephone and electricity	48 000	
Directors' fees	1 100 000	
Salaries and wages	1 030 000	
Sundry expenses		
Treatment expenses (330 000)		
Audit fees (120 000)		
Bank charges (35 000)		
Repairs and maintenance (110 000)		
Packing materials (20 000)		
Operational profit		
Profit before financing charges		
Profit before tax	930 000	
Income tax		
Net profit for the year		47

TOTAL MARKS

55

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QUESTION 2

- 2.1 Refer to Information F.
Calculate the average share price at the time of the repurchase of the shares.

WORKINGS	ANSWER

5

2.2 RETAINED INCOME

Balance at the beginning	1 650 000
Net profit after tax	5 915 000
Dividends	
Balance end of year	3 402 500

5

- 2.3 Calculate the following amounts for the 2024 Cash Flow Statement:

2.3.1

Income tax paid	
WORKINGS	ANSWER

5

2.3.2

Changes in working capital:	

6



2.4 Prepare the Cash flow from Investing activities:

Cash flow from investment activities	

7

2.5 Calculate the following financial indicators for 30 June 2024:**2.5.1 Dividend pay-out rate**

WORKINGS	ANSWER

3

2.5.2 % Return on total capital employed (ROTCE)**NOTE: The average capital employed is R47 562 500**

WORKINGS	ANSWER

4

TOTAL MARKS
35



QUESTION 3

- 3.1** Complete the following sentences by choosing a word in COLUMN B that matches the sentence in COLUMN A. Write only the letters (A–E) next to the question numbers (3.1.1 to 3.1.5) in the ANSWER BOOK.

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2 PERFECT SOLAR LTD

- 3.2.1** Xavier Stratton is of opinion that the company has shown a positive improvement in their liquidity situation because the current ratio has increased significantly to 5 : 1. Explain whether he is correct or not by quoting **THREE** other financial indicators, with figures and trends, to support your answer.

9



- 3.2.2 • Xavier Stratton is concerned about the return on his investment, earnings and dividends. Explain why you do not agree with him, quote **THREE** financial indicators.

8

- Xavier is questioning the difference in the dividend pay-out rate. Explain this decision by the directors.

3



- **Xavier Stratton is satisfied with the current market price of his shares. Explain by quoting financial indicators with figures and identify a factor that would have affected the market price of the shares.**

4

- 3.2.3 Explain to Xavier Stratton whether the business is making good use or not of this loan or whether they should pay it back. Quote TWO financial indicators with figures to support your opinion.**

8



3.2.4 Xavier Stratton inherited R800 000. He had the opportunity to buy an extra 40 000 shares at R20 per share in Perfect Solar Ltd when the company issued new shares on 1 December 2023. However, he decided to spend the money on all sorts of things (not investments).

- Explain why Xavier Stratton made the wrong decision. Comment on his % shareholding and provide THREE other points, with figures or calculations.

8

TOTAL MARKS
45



QUESTION 4

4.1	Refer to paragraph 1. Why would the shareholders of any company be concerned about the sustainability of the company? Explain, providing ONE reason.	
		2
4.2	Refer to paragraph 2. • Explain the serious nature of a 'qualified audit report'	
		2
	• What are the consequences for the company?	
		2
4.3	Refer to paragraph 3. How does the sale of the 30% of the property affect the company's sustainability?	
		2



4.4

Refer to paragraph 4.

You remembered that you read something in the newspaper last year that there was a court case in which the company was fined R2 000 000 for disposal of effluent in the nearby Molopo River. Do you agree with the Directors Report on this matter? Is it an essential or a non-essential expenditure? Give ONE reason why, you feel this way.

Possible reasons:

4

4.5

You are unhappy with the way in which the directors have managed the company. Give a reason why the shareholders are to be blamed? Provide a suggestion for the future.

Give a reason why the shareholders are to be blamed?

Provide a suggestion for the future:

3

TOTAL
MARKS

15

TOTAL: 150

