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GRADE	

WEST COAST EDUCATION DISTRICT

PREPARATORY EXAMINATION

ACCOUNTING PAPER 1

GRADE 12

26 AUGUST 2024

SPECIAL ANSWER BOOK

QUESTION	MARK AWARDED	MAXIMUM MARK	MODERATED MARK
1		65	
2		35	
3		40	
4		10	
TOTAL		150	

This answer book consists of 10 pages.



QUESTION 1: FINANCIAL STATEMENTS AND NOTES**1.1.1**

Calculate the final value of the multi-purpose cleaning material.	
Workings	Answer

7

1.1.2

Calculate the Trading stock deficit for the period.	
Workings	Answer
Trading stock:	
Stock count:	

5

1.2 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

Sales (3 889 960	
Cost of sales (2 549 950	
Gross Profit	
Other Operating Income	
Cleaning income (1 215 000	
Rent income (115 600	
Gross Operating Income	
Operating Expenses	1 949 490
Cleaning expenses	
Audit fees	20 000
Salaries and wages	318 200
Director's fees (990 000	
Telephon (46 200	
Bank charges (21 400	
Depreciation	32 500
Operating Profit	
Interest Income	17 800
Profit before Interest expense	
Interest Expense	
Net profit before tax	
Income Tax	(197 100)
Net income after tax	

30

1.3 RETAINED INCOME NOTE:

Balance at beginning	240 000
Ordinary share dividends	
Interim	86 000
Balance at end	

7

1.4 EQUITY AND LIABILITIES

Non-current liabilities	
Loan: ABSA	
Current liabilities	
Trade creditors (45 800	
Current portion of loan	
Bank overdraft (35 260	
TOTAL EQUITY AND LIABILITIES	

16

TOTAL MARKS
65

- 2.1 Complete the Note for Reconciliation between net profit before tax and cash generated from operations for the year ended 30 June 2024:

Net profit before tax	
Adjustment in respect of:	
Depreciation	16 645
Interest on loan	120 000
Operating profit before changes in working capital	

6

- 2.2.1

Calculate: Taxation paid	
WORKINGS	ANSWER

4

- 2.2.2

Calculate: Fixed assets purchased	
WORKINGS	ANSWER

6

- 2.2.3

Calculate: Shares issued	
WORKINGS	ANSWER

2

- 2.2.4

Calculate: Funds used for the repurchase of shares	
WORKINGS	ANSWER

2

2.2.5

Calculate: Net change in cash and cash equivalents

WORKINGS	ANSWER
Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning	
Cash and cash equivalents at the end	

4

2.3.1

Calculate: Earnings per share as on 30 June 2024

WORKINGS	ANSWER

3

2.3.2

Calculate: Debt-equity ratio

WORKINGS	ANSWER

3

2.3.3

Calculate: Return on total average capital employed

WORKINGS	ANSWER

5

TOTAL MARKS
35



- 3.1** Comment on the liquidity of the two companies and explain which company manages the working capital more efficiently.

6

- 3.2** Comment on the degree of risk and gearing of both companies. Explain how this will influence your choice of company.

6

- 3.3** Consider the Return, Earnings and Dividends of the two companies.

- (a) Explain whether Felicia should be satisfied with the return on her investment in both companies. Provide financial indicators/figures to support your answer.

4



VAN ZYL LTD:

REASON:

6

3.4 (a) Refer to Information B and C.

Indicate how many shares Felicia must purchase in Erasmus Ltd to maintain the percentage shareholding she had at the start of the year.

4



- (b) Calculate the amount Felicia will have to pay to purchase these shares.

3

- (c) Felicia wants to maintain her majority shareholding in Van Zyl Ltd. What is the minimum number of shares which she would have to purchase to be successful in her aim. Also provide a reason why Felicia would want to be the majority shareholder of a company.

CALCULATION:

REASON:

7

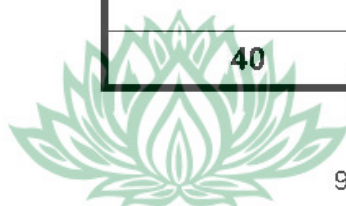
- (d) Comment on the value of the shares in each company and provide figures to support your answer.

ERASMUS LTD:

VAN ZYL LTD:

4

TOTAL MARKS
40



4.1	The three board members implicated in this case each own 150 000 shares. Calculate the loss that Sanet and the two directors each were able to avoid by selling their shares on 13 April 2023.	
	WORKINGS	ANSWER

2

4.2	Explain why the text message is so important to the investigators	
	Explain why you think this crime is referred to as 'insider trading'.	

2

2

4.3	Explain how the rapid decline in the share price and the fraudulent financial statements are likely to affect the existing shareholders and its workers	
	Existing shareholders	
	Workers	

4

TOTAL MARKS
10

