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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

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

28

MARKS
55

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

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

ACCOUNTING (PAPER 1)	ANSWER BOOK 10711/23	6
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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

- (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

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

ACCOUNTING (PAPER 1)	ANSWER BOOK 10711/23	11
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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



X05

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ACCOUNTING ANSWER BOOK P1

11 pages

<p>ANSWER BOOK</p> <p>PAPER 1</p> <p>ACCOUNTING</p> <p>10711</p>
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