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GRADE 12 - EXAMINATION ACCOUNTING P1 - JUNE 2024

SURNAME: _____

NAME: _____

SCHOOL: _____

QUESTION	MARKS	MARKER	MODERATOR
1			
2			
3			
4			
TOTAL	150		

This answer book consists of 9 pages.

1.1 RUDO SPORT STORES LTD

1.1.1 Calculate the value of the closing stock of golf balls on 29 February 2024, using the first-in-first-out method.

WORKINGS	ANSWER

3

1.2.2 Calculate: Profit or loss on disposal of the vehicle

WORKINGS	ANSWER

6

Calculate: Total depreciation for the year

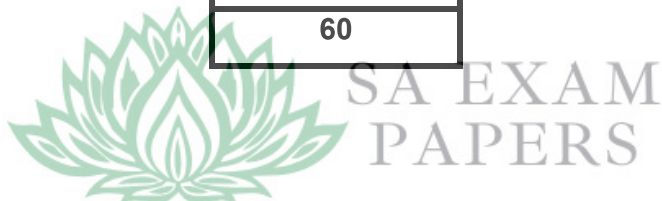
WORKINGS	ANSWER
Vehicles	
Equipment	

9

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

Sales		
Cost of sales	(9 600 000)	
Gross profit		
Other income		
Commission income	265 500	
Gross operating income		
Operating expenses		
Salaries and wages	1 551 100	
Employers' contribution	73 900	
Operating profit		
Interest income		
Profit before interest expense		
Interest expense	(135 900)	
Net profit before tax		
Income tax		
Net profit after tax	1 060 800	42

TOTAL MARKS
60



QUESTION 2**2.1 Note for Ordinary Share Capital on 29 February 2024**

600 000	Ordinary shares at the beginning	
200 000	New shares issued	
	Shares at the end of the year	7 875 000

6

2.2 Cash generated from Operations

Net profit before tax	
Depreciation	
Interest expense	
Profit before changes in working capital	
Net change in working capital	
Increase in inventories	(83 300)
Cash generated from operations	

6

2.3.1 CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations	
Interest paid	
Income tax paid	
Dividends paid	

8

2.3.2	CASH FLOW FROM FINANCING ACTIVITIES		
			8

2.3.3	NET CHANGE IN CASH AND CASH EQUIVALENT		
			4

2.4.1	Calculate the following financial indicators on 29 February 2024: Debt: Equity ratio		
	WORKINGS	ANSWER	
			3

2.4.2	% Return on average Shareholders' Equity		
	WORKINGS	ANSWER	
			5

TOTAL MARKS
40

QUESTION 3

3.1 The company's total sales increased from 2023 to 2024 and the operating activities have been better controlled in 2024. Quote TWO financial indicators, which indicate better control over operating activities.

4

Quote and explain ONE relevant indicator with a figure, which directly contributed to the increase in sales.

2

3.2 Identify TWO financial indicators, which indicate a decline in the liquidity of the company.

4

3.3 The directors decided to increase the loan at the beginning of 2023. Explain why you agree with their decision. Quote TWO financial indicators with trends.

8

3.4 Some shareholders buy shares in companies as a short-term investment while others do it as a long-term investment.

Explain how the change in the dividend pay-out policy affected the investment choices of each type of shareholder. Provide comparative figures.	
Short-term shareholders	
Long-term shareholders	

6

3.5 Shareholders are divided on the price paid for the re-purchase of shares.

Provide ONE point in support of and ONE point against the price paid for shares. Quote ONE financial indicator with figures for each point.			
In support of the price paid			
Against the price paid			
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 15px;"></td></tr> <tr><td style="text-align: center;">4</td></tr> </table>			4
4			

3.6 The directors of the company decided to issue an additional 50 000 shares in the new financial year.

Calculate the minimum number of shares K. Jardim must buy to become a majority shareholder.			
	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 15px;"></td></tr> <tr><td style="text-align: center;">5</td></tr> </table>		5
5			
Mention ONE point why K. Jardim wants to become a majority shareholder.			
	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr><td style="width: 20px; height: 15px;"></td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2
2			

TOTAL MARKS
35

QUESTION 4

4.1 Give TWO examples of audit evidence

4

4.2 Explain why an independent auditor would want to see evidence that the following GAAP principles were applied:
Matching

Going concern

4

4.3 Refer to paragraph 3. Explain why you would be satisfied with this audit report opinion. Provide TWO reasons.

4

4.4 To whom is an audit report addressed? Give reason for your answer.

Reason

3

TOTAL MARKS
15