education

Department of Education
FREE STATE PROVINCE

SCHOOL: _____

LEARNER: _____

PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P1

SEPTEMBER 2024

ANSWER BOOK

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
4			
TOTAL			

This answer book consists of 9 pages.

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QUESTION 1

1.1 ORDINARY SHARE CAPITAL

1 300 000	Shares in issue on 01/03/2023	4 850 000
	Shares in issue on 29/02/2024	

7

1.2

Calculate the total dividends for the year.	ANSWER

6

1.3

Calculate the value of the closing stock using the weighted-average method.	ANSWER

5

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1.4 GARLAND LIMITED
STATEMENT OF FINANCIAL POSITION ON
29 FEBRUARY 2024

ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
CURRENT ASSETS		
Inventory		
Cash and cash equivalents (6 000		
TOTAL ASSETS		
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share Capital		
Retained income	**360 000**	
NON-CURRENT LIABILITIES		
Mortgage loan		
CURRENT LIABILITIES		
Trade and other payables		
Bank overdraft		
TOTAL EQUITY AND LIABILITIES		**42**

TOTAL MARKS
60

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QUESTION 2

2.1

(i) Acid-test ratio	ANSWER

5

(ii) Debt-equity ratio	ANSWER

3

(iii) The % return on average shareholders' equity	ANSWER

5

(iv) Net asset value per share	ANSWER

3

2.2

(i) Calculate the amount of land and buildings purchased	ANSWER

2

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(ii) Calculate the proceeds from fixed assets sold	ANSWER

4

(iii) Calculate the depreciation on vehicles	ANSWER

5

2.3

(i) Calculate: Income tax paid	ANSWER

5

(ii) The amount invested during the year	ANSWER

2

(iii) Repayment of the loan	ANSWER

2

(iv) The net change in cash and cash equivalents	
Net change	

4

TOTAL MARKS
40

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QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2.1 The directors of both companies tried to cut back on their expenses. Were they successful in their efforts? Quote TWO financial indicators for each company.

INDICATOR	CHEETAHS LTD		STORMERS LTD	
	2024	2023	2024	2023

Cheetahs Ltd:

Stormers Ltd:

8

3.2.2 Compare the liquidity of the two companies to state which company is managing its liquidity better. Quote TWO ratios/indicators.

INDICATOR	CHEETAHS LTD		STORMERS LTD	
	2024	2023	2024	2023

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GENERAL COMMENT	
	7

3.2.3	Comment on the dividend pay-out policy of Stormers Ltd. Why do you think the directors changed the pay-out policy?	
		2

3.2.4	Comment on the financial gearing of Cheetahs Ltd.	
		3

3.2.5	Explain the decision taken by the directors of Cheetahs Ltd that affected the risk of the business. Quote ONE financial indicator.	
		4

3.2.6	Calculate the price per share paid for the shares repurchased by Stormers Ltd.	
		3

Explain the effect of the share repurchase on the % shareholding of Sophie Mona in Stormers Ltd.	
	3

TOTAL MARKS
35

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QUESTION 4

4.1

4.1.1
4.1.2
4.1.3

3

4.2

Explain what is meant by *good corporate governance* and explain why it is important to shareholders.

3

4.3 **Consider the following scenarios which could arise in a business.**

- **For each scenario, state whether it is illegal or unethical.**
- **As a shareholder, how would you react in each scenario?**
- **What do you think will be the consequences for the guilty person?**

4.3.1 **SCENARIO 1**

Illegal/ unethical	**Reaction**	**Consequence**

3

4.3.2 **SCENARIO 2**

Illegal/ unethical	Reaction	Consequence

3

4.3.3 **SCENARIO 3**

Illegal/ unethical	Reaction	Consequence

3

TOTAL MARKS
15

TOTAL: 150

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