CENTRE NUMBER

EXAMINATION NUMBER

SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P1

GRADE 12

2023

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 10 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2   STARLIGHT LTD

1.2.1

Calculate: Value of the closing stock of light bulbs on 28 February 2023, using the weighted-average method.	
WORKINGS	**ANSWER**

4

1.2.2

Calculate: Profit or loss on disposal of vehicle	
WORKINGS	**ANSWER**

5

Calculate: Total depreciation for the year	
WORKINGS	**ANSWER**
Vehicles	
Equipment	

7

1.2.3 Statement of Comprehensive Income for the year ended 28 February 2023

Sales	**17 850 000**
Cost of sales	**(10 200 000)**
Gross profit	**7 650 000**
Other income	
Commission income	**85 900**
Rent income	
Gross operating income	
Operating expenses	**(4 894 900)**
Salaries and wages	
Audit fees	
Directors' fees	
Sundry expenses	**219 760**
Bad debts	
Depreciation	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	**(858 140)**
Net profit after tax	**2 002 500**

29

CURRENT ASSETS	7 605 150
Inventories	
Trade and other receivables	
Cash and cash equivalents	

11

TOTAL MARKS
60

QUESTION 2

2.1   RETAINED INCOME NOTE

Balance at beginning of year	**237 400**
Net profit after tax	**1 526 000**
Ordinary share dividends	
Balance at end of year	

9

2.2

Calculate: Change in loan	
WORKINGS	**ANSWER**

2

Calculate: Proceeds from shares issued	
WORKINGS	**ANSWER**

3

2.3

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	**2 340 300**
Income tax paid	
Dividends paid	

10

2.4

Calculate: Current ratio	
WORKINGS	**ANSWER**

2

Calculate: Net asset value (NAV)	
WORKINGS	**ANSWER**

4

Calculate: % return on total capital employed (ROTCE) NOTE: The average capital employed is R20 343 500.	
WORKINGS	**ANSWER**

5

TOTAL MARKS
35

QUESTION 3

3.1 | **Explain whether or not the company is managing their working capital efficiently. Quote TWO financial indicators, with figures and trends.**

5

3.2 | **Calculate the total number of additional shares that Denise purchased.**

CALCULATION	ANSWER

4

Give ONE possible reason why Denise was determined to become the majority shareholder.

2

3.3.1 | **The Cash Flow Statement revealed decisions taken by the directors. Identify TWO major decisions taken by the directors in 2023 that were different to those from the previous year. Quote figures.**

Decision 1	
Decision 2	

Give ONE reason for these decisions.

6

3.3.2	**Explain the impact of these decisions on the degree of financial risk over the two years. Quote ONE financial indicator, with figures and trends.**

3

3.3.3	**Explain how these decisions affected the gearing of the company. Quote ONE financial indicator, with figures and trends.**

4

3.4.1	**Certain shareholders expressed concern about the change in the dividend payout policy. Explain TWO points to support their opinion.**
Point 1
Point 2

4

3.4.2	**Explain whether shareholders would be satisfied with the trend in the % return and earnings of the company, as well as the dividends they earned. Quote TWO financial indicators, with figures and trends.**

6

3.5

In EACH case, provide evidence for the shareholders' concerns over these trends, and explain why they would be concerned about the future prospects for the company. Quote figures and trends.		
Issues	**Evidence of concern**	**Reason for concern**
Cash and cash equivalents		
Market price of shares on JSE		

6

TOTAL MARKS
40

QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	

3

4.2 **Explain THREE questions that the shareholders would want to raise with the board of directors at the meeting.**

Point 1	
Point 2	
Point 3	

6

4.3 **Provide ONE point of possible mismanagement or corruption under EACH of the following subheadings. Quote relevant figures to support your answer in EACH case.**

Payment of directors' fees

Salaries of other employees

6

TOTAL MARKS
15

TOTAL: 150