

STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING P1**

**GRADE 12**

**NOVEMBER 2022**

***SPECIAL ANSWER BOOK***

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
<b>TOTAL</b>			

**This answer book consists of 11 pages.**



**QUESTION 1**

1.1

<b>Calculate: Cost of stock damaged</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

<b>5</b>

1.2.1

<b>Calculate: Profit/Loss on sale of delivery vehicle</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

<b>5</b>

1.2.2

<b>Calculate: Total depreciation for the year</b>	
Depreciation before adjustments	<b>328 200</b>
Depreciation on vehicle sold	
Depreciation on alarm system	
<b>TOTAL DEPRECIATION</b>	

<b>4</b>

**NOTE:** The amounts calculated above must be transferred to QUESTION 1.3.1, the Statement of Comprehensive Income.



**1.3.1 Statement of Comprehensive Income for the year ended 28 February 2022.**

<b>Sales</b>	<b>9 355 250</b>
<b>Cost of sales</b>	<b>(5 665 250)</b>
<b>Gross profit</b>	<b>3 690 000</b>
<b>Other income</b>	
<b>Commission income</b>	<b>4 560</b>
<b>Gross operating income</b>	
<b>Operating expenses</b>	
<b>Directors' fees</b>	<b>1 124 000</b>
<b>Audit fees</b>	<b>83 000</b>
<b>Sundry expenses</b>	
<b>Operating profit</b>	<b>575 000</b>
<b>Interest income</b>	
<b>Profit before interest expense</b>	
<b>Interest expense</b>	<b>(142 250)</b>
<b>Net profit before tax</b>	
<b>Income tax</b>	
<b>Net profit after tax</b>	<b>356 300</b>





**QUESTION 2**

2.1

<b>2.1.1</b>	
<b>2.1.2</b>	
<b>2.1.3</b>	

<b>3</b>

2.2 **EAGLE LTD**

2.2.1 **RETAINED INCOME NOTE ON 28 FEBRUARY 2022**

<b>Balance on 1 March 2021</b>	
<b>Ordinary share dividends</b>	
<b>Interim dividends</b>	<b>710 400</b>
<b>Balance on 28 February 2022</b>	<b>382 800</b>

<b>7</b>

2.2.2

<b>Calculate: Income tax paid</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Calculate: Funds used to repurchase shares</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Calculate: Net change in cash and cash equivalents</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

<b>4</b>

<b>5</b>

<b>4</b>



2.2.3

<b>Calculate: Debt-equity ratio</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Calculate: % return on average capital employed</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Calculate: Dividends per share</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

3

5

4

<b>TOTAL MARKS</b>
35



**QUESTION 3**

3.1

<b>3.1.1</b>	
<b>3.1.2</b>	
<b>3.1.3</b>	

<b>3</b>

3.2 **JESSIE LTD**

3.2.1

**Mike has informed the board of directors that he has identified and rectified a number of incidents of fruitless and wasteful expenditure in the company's records. Provide TWO financial indicators that justify the success of Mike's strategies. Quote figures and trends.**

<b>POINT 1</b>	
<b>POINT 2</b>	

<b>4</b>

3.2.2

**Explain whether the change in the dividend pay-out rate in 2022 will benefit the company or not. Quote figures and trends.**

<b>3</b>

**Sue Lee, a shareholder who owns 5 000 shares, is satisfied with the dividends she has received despite the change in the dividend policy. Explain why she feels this way. Quote figures and trends.**

<b>3</b>



**3.2.3** Some shareholders feel that Mike was reckless when he increased the loan by R3,35 million soon after his appointment as CFO. Explain why you do not agree with them. Provide TWO points, with financial indicators, figures and trends.

<b>POINT 1</b>	
<b>POINT 2</b>	

<b>6</b>

**3.2.4** Refer to Information C and D.

Calculate Brent's % shareholding on 28 February 2022.	
WORKINGS	ANSWER

<b>5</b>

Brent and Kerina decided that they would combine their votes at the upcoming annual general meeting (AGM).

Explain ONE possible reason for this decision, with figures.

<b>3</b>

As an existing shareholder, explain why you would be concerned about the strategy of Brent and Kerina. Provide TWO points.

<b>POINT 1</b>	
<b>POINT 2</b>	

<b>4</b>





**3.2.5 Refer to Information A, B and C.**

<b>Explain THREE points relating to the financial results of the company, besides those mentioned above, that the Remunerations Committee can use to justify offering Mike an improved package to remain at Jessie Ltd. Quote relevant financial indicators, figures and trends.</b>	
<b>POINT 1</b>	
<b>POINT 2</b>	
<b>POINT 3</b>	

<b>9</b>

<b>TOTAL MARKS</b>
<b>40</b>



**QUESTION 4: CORPORATE GOVERNANCE**

**4.1 The Johannesburg Securities Exchange (JSE)**

Refer to paragraph 1.

<p><b>Explain why companies might want to be listed on the JSE.</b></p>	<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2			
<p><b>Explain why the JSE would not tolerate 'incorrect, false and misleading financial results' from companies that are listed.</b></p>	<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2			

**4.2 Audit reports**

Refer to paragraph 2.

<p><b>Explain the difference between a <i>qualified audit report</i> and a <i>disclaimer of opinion audit report</i>.</b></p>	<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2			



**4.3 Concerns of shareholders**

Refer to paragraphs 1, 2 and 3.

<b>As a concerned shareholder, what questions would you raise at the AGM? Provide THREE different questions. In EACH case explain an appropriate reason.</b>		
	<b>Questions you would raise at the AGM</b>	<b>One reason for each question</b>
<b>QUESTION 1</b>		
<b>QUESTION 2</b>		
<b>QUESTION 3</b>		

<b>9</b>

<b>TOTAL MARKS</b>
<b>15</b>

**TOTAL: 150**

