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NATIONAL SENIOR CERTIFICATE

ACCOUNTING P1

GRADE 12

NOVEMBER 2020

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.



QUESTION 1

1.1	Calculate: Total depreciation for the year	
	Workings	Answer
		7
	Calculate: Profit/Loss on sale of fixed asset	
	Workings	Answer
		2
1.2	Calculate: Loss on the Ickool fridges destroyed in the fire	
	Workings	Answer
		5

NOTE: The relevant figures from QUESTIONS 1.1 and 1.2 must also be entered in the financial statement or note.



1.3 Statement of Comprehensive Income (Income Statement) for the year ended 30 June 2020.

Sales	12 945 000
Cost of sales	
Gross profit	
Operating income	
Service fee income	3 400 000
Gross operating income	
Operating expenses	
Salaries and wages	2 740 000
Audit fees	356 000
Sundry operating expenses	252 500
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before tax	
Net profit after tax	



1.4 Retained Income Note

Balance at beginning	3 200 000	
Dividends		
Balance at end		11

TOTAL MARKS
60



QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

3

2.2 **ORANGE LTD**

2.2.1 Calculate on 29 February 2020:

Debt-equity ratio	
Workings	Answer
Earnings per share (EPS)	
Workings	Answer
Dividend pay-out rate	
Workings	Answer
% return on average equity (ROSHE)	
Workings	Answer

3

4

3

4



2.2.2 CASH FLOW STATEMENT ON 29 FEBRUARY 2020

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(126 000)
Dividends paid	(440 000)
Income tax paid	
CASH EFFECTS OF INVESTING ACTIVITIES	
Fixed assets purchased	
Proceeds of sale of fixed assets	48 000
Decrease in fixed deposits	400 000
CASH EFFECTS OF FINANCING ACTIVITIES	
Proceeds of shares issued	
Funds used to repurchase shares	
Net change in cash and cash equivalents	
Cash (closing balance)	

23

TOTAL MARKS

40



QUESTION 3

3.1.1 Comment on the solvency of the company. Quote ONE financial indicator with figures.

2

3.1.2 Explain why the directors are satisfied with the change in the liquidity of the company. Quote TWO financial indicators with figures.

4

3.2.1 Comment on the % return and earnings per share of the company. Quote TWO financial indicators with figures.

4

3.2.2 Comment on the share price on the JSE and how the % return and earnings per share have affected the share price. Quote figures.

4



3.3 Explain how the loan affected the risk and gearing and whether or not it was a good idea to increase the loan. Quote TWO financial indicators with figures.

7

3.4.1 Refer to Information D. Explain how Allen's decision affected his % shareholding. Provide a calculation to support your explanation.

4

3.4.2 Give TWO reasons why Allen might have made this decision.

4

3.5.1 One of the directors feels that the dividend pay-out rate (%) should have remained constant. Give ONE possible reason (with figures) for her opinion.

3

3.5.2 Refer to Information E. Explain (with figures) why one of the shareholders, Erna Naidoo, feels that the dividends she earns in Solar-Style Ltd is not as good as those that she earns in Netgen Ltd.

3

TOTAL MARKS
35



QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	

3

4.2 **ELECTRONIC LTD**

4.2.1 **Explain, in your own words, why you agree or disagree with the extract that appeared in a local newspaper. State TWO different points.**

4

4.2.2 Explain TWO points to prove possible corruption for EACH of the following problems. Quote figures or calculations.

Problem 1: Payment of directors' fees

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4

Problem 2: Control and productivity of other employees

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4

TOTAL MARKS
15

TOTAL: 150

