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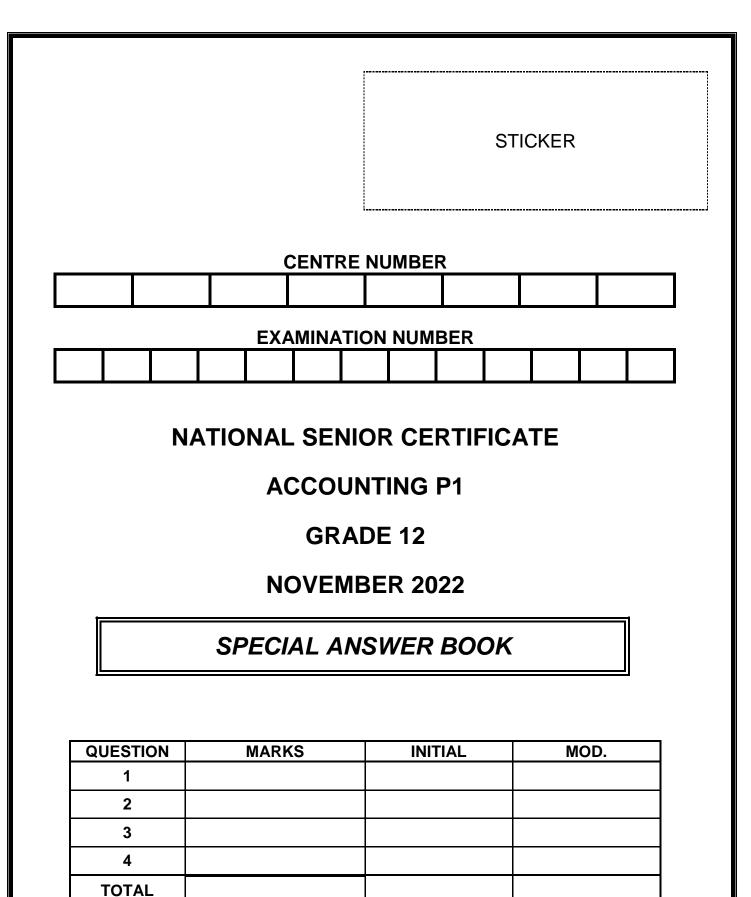
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QUESTION 1

WORKINGS	ANSWER

Calculate: Profit/Loss on sale of delivery ve	
WORKINGS	ANSWER

1.2.2	Calculate: Total depreciation for the year		
	Depreciation before adjustments	328 200	
	Depreciation on vehicle sold		
	Depreciation on alarm system		
	TOTAL DEPRECIATION		4

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

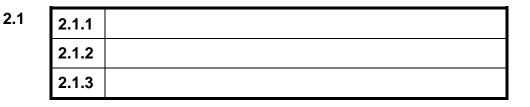
Sales	9 355 250
Cost of sales	(5 665 250)
Gross profit	3 690 000
Other income	
Commission income	4 560
Gross operating income	
Operating expenses	
Directors' fees	1 124 000
Audit fees	83 000
Sundry expenses	
Operating profit	575 000
Interest income	
Profit before interest expense	
Interest expense	(142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

1.3.2 Extract of the Statement of Financial Position on 28 February 2022

EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary share capital	6 670 000
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	

TOTAL MARKS
60

QUESTION 2



3

2.2 EAGLE LTD

2.2.1 RETAINED INCOME NOTE ON 28 FEBRUARY 2022

Balance on 1 March 2021		
Ordinary share dividends		
Interim dividends	710 400	
Balance on 28 February 2022	382 800	7

WORKINGS	ANSWER
Calculate: Funds used to repurchase shares	
WORKINGS	ANSWER
Calculate: Net change in cash and cash equivale	
WORKINGS	ANSWER

2.2.3	Calculate: Debt-equity ratio			
	WORKINGS	ANSWER		
			3	
	Calculate: % return on average canital employed			
	Calculate: % return on average capital employed WORKINGS	ANSWER		
			5	
	Calculate: Dividends per share			
	WORKINGS	ANSWER		
			4	

TOTAL MARKS
35

3

3

3

QUESTION 3

3.1

3.1.1		
3.1.2		
3.1.3		

3.2 JESSIE LTD

3.2.1	8.1 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.				
	POINT 1				
	POINT 2		4		

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.

 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.

6

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. POINT 1 POINT 2

3.2.4 Refer to Information C and D.

Calculate Bro	ent's % shareholding on 28 February 2	022.	
	WORKINGS	ANSWER	
			5
	erina decided that they would comb nnual general meeting (AGM).	ine their votes at the	
	possible reason for this decision, with	n figures	
		i liguico.	
			3
As an existir	ng shareholder, explain why you woul	d be concerned about	
the strategy	of Brent and Kerina. Provide TWO poir	nts.	
POINT 1			
POINT 2			·
			4

3.2.5 Refer to Information A, B and C.

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.		
POINT 1		
POINT 2		
POINT 3		

TOTAL MARKS	
40	

QUESTION 4: CORPORATE GOVERNANCE

4.1 The Johannesburg Securities Exchange (JSE)

Refer to paragraph 1.

Explain why companies might want to be listed on the JSE. Explain why the JSE would not tolerate 'incorrect, false and misleading financial results' from companies that are listed.	2

4.2 Audit reports

Refer to paragraph 2.

Explain the difference between a *qualified audit report* and a *disclaimer* of opinion audit report.

4.3 Concerns of shareholders

Refer to paragraphs 1, 2 and 3.

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

TOTAL MARKS		
15		

TOTAL: 150