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NATIONAL SENIOR CERTIFICATE

ACCOUNTING P1

GRADE 12

NOVEMBER 2022

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

QUESTION 1

1.1

Calculate: Cost of stock damaged	
WORKINGS	ANSWER

5

1.2.1

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

5

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.

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

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

QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

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

2.2.2

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

4

5

4

2.2.3

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

3

5

4

TOTAL MARKS
35

QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	

3

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.	
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.

3

3

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	

6

3.2.4 Refer to Information C and D.

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

5

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.

3

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

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	

9

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.

2

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*.

2

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.		
	Questions you would raise at the AGM	One reason for each question
QUESTION 1		
QUESTION 2		
QUESTION 3		

9

TOTAL MARKS
15

TOTAL: 150