

STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING P1**

**GRADE 12**

**NOVEMBER 2021**

***SPECIAL ANSWER BOOK***

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

**This answer book consists of 10 pages.**

**QUESTION 1**

**1.1 Calculate the value of the closing stock of formal suits that was omitted from the stock sheets on 30 June 2021.**

<b>WORKINGS</b>	<b>ANSWER</b>

<b>5</b>

**1.2 Calculate the correct net profit after tax for the year ended 30 June 2021. Indicate '+' for increase and '-' for decrease.**

<b>NO.</b>	<b>WORKINGS</b>	<b>AMOUNT</b>
	<b>Incorrect net profit before tax</b>	<b>4 918 950</b>
<b>(i)</b>	<b>Audit fees</b>	
<b>(ii)</b>	<b>Interest on loan</b>	
<b>(iii)</b>	<b>Rent income</b>	
<b>(vi)</b>	<b>Income tax</b>	
	<b>Net profit after tax</b>	

<b>12</b>

**1.3 Retained Income Note on 30 June 2021**

<b>Balance at beginning</b>	
<b>Balance at end</b>	<b>3 240 000</b>

<b>5</b>

**JIMO LTD****STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2021**

Figures are NOT required in shaded areas.

<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Fixed assets	
Financial assets	
<b>CURRENT ASSETS</b>	<b>8 700 000</b>
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>SHAREHOLDERS' EQUITY</b>	
Retained income	<b>3 240 000</b>
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Bank overdraft	
<b>TOTAL EQUITY AND LIABILITIES</b>	

<b>33</b>

<b>TOTAL MARKS</b>
<b>55</b>

**QUESTION 2**

**2.1 Ordinary Share Capital Note on 28 February 2021**

<b>800 000</b>	<b>Ordinary shares at the beginning</b>	
<b>100 000</b>	<b>New shares issued</b>	
	<b>Shares at the end of the year</b>	<b>7 395 000</b>

6
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**2.2 Calculate the following financial indicators on 28 February 2021:**

<b>% operating expenses on sales</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Dividend per share</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>% return on average shareholders' equity</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

2
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4
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5
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**2.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021**

Figures are NOT required in shaded areas.

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1 180 000</b>
<b>Cash generated from operations</b>	
<b>Interest paid</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1 320 000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	
<b>CASH AND CASH EQUIVALENTS AT END</b>	

<b>18</b>

<b>TOTAL MARKS</b>
<b>35</b>

**QUESTION 3**

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 FLEXI LTD AND BROOM LTD

3.2.1 Profitability:

Quote and explain TWO financial indicators to show which company is managing its expenses more efficiently, and is thereby more profitable. Quote figures and trends.

4

3.2.2 Dividends, earnings and returns:

Comment on the dividend pay-out policy of Flexi Ltd. Explain why this is an irresponsible change in policy. Provide TWO points. Quote figures and trends.

4

Comment on the % return on shareholders' equity of EACH company. Quote figures and trends.

4

**A shareholder feels that earnings per share (EPS) in Broom Ltd are better than that in Flexi Ltd. Explain why you agree with him. Quote figures or calculations.**

4

**3.2.3 Shareholding of Bob Yates in both companies:**

**Comment on the price paid for the shares repurchased by Flexi Ltd. Provide TWO points. Quote figures.**

4

<b>Calculate the number of shares that Bob purchased in Broom Ltd with the money he received from the share buyback at Flexi Ltd.</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

2

**Explain the effect of the share repurchase on the % shareholding of Bob Yates in EACH company. Quote figures and trends.**

4

**3.2.4 Financing strategies and gearing:**

**Explain the decisions taken by the directors of Broom Ltd and how these will benefit the company. Quote figures.**

4

**Explain how the decisions taken by Flexi Ltd affected the risk and gearing of the business. Quote TWO financial indicators.**

6

<b>TOTAL MARKS</b>
40



**QUESTION 4**

**4.1 Explain why a disclaimer audit report would be bad for a company's reputation. Provide TWO points.**

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

4

**4.2 One of the most important decisions that shareholders have to make at the annual general meeting (AGM) is to appoint directors to serve on the board.**

**Explain why the shareholders have been given this responsibility.**

2

**If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain TWO points and give a reason for EACH.**

	EXPLANATION	REASON
<b>POINT 1</b>		
<b>POINT 2</b>		

6

4.3

A recent news report stated that a major company, Baxco Ltd, had been awarded a tender to supply equipment worth R20 m to a chain of private hospitals. The report accuses the CFO (chief financial officer) of that company of paying R2 m in cash to the CEO of the hospital group.

As a shareholder, explain what you would say at the AGM. Provide TWO points.

4

4.4

Refer to the question paper for an extract from the website and Directors' Report of a major South African company.

In your opinion, explain why this major company found it necessary to implement this policy. Provide TWO points.

4

<b>TOTAL MARKS</b>
20

**TOTAL: 150**