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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.

WORKINGS	ANSWER

5

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

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

12

- 1.3 Retained Income Note on 30 June 2021

Balance at beginning	
Balance at end	3 240 000

5

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

Figures are NOT required in shaded areas.

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

33

TOTAL MARKS

55

QUESTION 2**2.1 Ordinary Share Capital Note on 28 February 2021**

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

6

2.2 Calculate the following financial indicators on 28 February 2021:

% operating expenses on sales	
WORKINGS	ANSWER
Dividend per share	
WORKINGS	ANSWER
% return on average shareholders' equity	
WORKINGS	ANSWER

2

4

5

2.3 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021

Figures are NOT required in shaded areas.

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

18

TOTAL MARKS
35

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

Calculate the number of shares that Bob purchased in Broom Ltd with the money he received from the share buyback at Flexi Ltd.

WORKINGS	ANSWER

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

TOTAL MARKS
40

QUESTION 4

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

POINT 1	
POINT 2	

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
POINT 1		
POINT 2		

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

TOTAL MARKS
20

TOTAL: 150