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STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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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

<b>Calculate: Cost of stock damaged</b>	
<b>WORKINGS</b>	<b>ANSWER</b>

5

1.2.1

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

5

1.2.2

<b>Calculate: Total depreciation for the year</b>	
Depreciation before adjustments	328 200
Depreciation on vehicle sold	
Depreciation on alarm system	
<b>TOTAL DEPRECIATION</b>	

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.**

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

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

<b>EQUITY AND LIABILITIES</b>	
<b>ORDINARY SHAREHOLDERS' EQUITY</b>	
Ordinary share capital	6 670 000
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	

18

<b>TOTAL MARKS</b>
60

**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

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

4

5

4

2.2.3

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

3

5

4

TOTAL MARKS

35





**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.

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

6

**3.2.4** Refer to Information C and D.

<b>Calculate Brent's % shareholding on 28 February 2022.</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
<b>Brent and Kerina decided that they would combine their votes at the upcoming annual general meeting (AGM).</b>	
<b>Explain ONE possible reason for this decision, with figures.</b>	
<b>As an existing shareholder, explain why you would be concerned about the strategy of Brent and Kerina. Provide TWO points.</b>	
<b>POINT 1</b>	
<b>POINT 2</b>	

5

3

4

**3.2.5 Refer to Information A, B and C.**

<b>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.</b>	
<b>POINT 1</b>	
<b>POINT 2</b>	
<b>POINT 3</b>	

<b>9</b>

<b>TOTAL MARKS</b>
<b>40</b>

**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**