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**SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

ACCOUNTING P1

GRADE 12

2021

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 9 pages.



QUESTION 1

1.1

1.1.1			
1.1.2			
1.1.3			

3

1.2

NO.	ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT	A	O	L
1.2.1			136 000			
1.2.2			450 000			
1.2.3			338 200			

9

1.3.1

Identify the type of audit report that the company received. Give a reason for your answer.

TYPE OF REPORT

REASON

2

1.3.2

Explain why the auditor referred to pages 8 to 23.

Explain why the auditor referred to International Financial Reporting Standards and the Companies Act of South Africa

2

2

1.3.3

Name any TWO items of audit evidence that the auditors may have used.

Item 1	
Item 2	

2

TOTAL MARKS
20



QUESTION 2

- 2.1 Calculate the value of the closing stock on 28 February 2021 using the weighted-average method.

WORKINGS	ANSWER

5

- 2.2 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2021

Sales	
Cost of sales	
Gross profit	14 881 600
Other income	
Bad debts recovered	5 800
Rent income (208 250)	
Gross operating income	
Operating expenses	
Directors' fees	4 836 000
Audit fees	497 200
Advertising	342 400
Sundry expenses	88 000
Trading stock deficit	
Salaries and wages (6 425 000)	
Depreciation (41 250)	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	
Net profit after tax	1 342 080

37



2.3 RETAINED INCOME NOTE

Balance at beginning of financial year	2 978 000
Dividends	
Balance at end of financial year	

8

TOTAL MARKS
50



QUESTION 3

3.1.1 Calculate: Debt-equity ratio

WORKINGS		ANSWER

3

3.1.2 Calculate: Net asset value per share

WORKINGS		ANSWER

3

3.1.3 Calculate: Dividend pay-out rate

WORKINGS		ANSWER

4

3.1.4 Calculate: Return on average shareholders' equity (ROSHE)

WORKINGS		ANSWER

4

3.2.1 For the Cash Flow Statement calculate: Change in receivables

WORKINGS	ANSWER	Inflow/Outflow

3

3.2.2 For the Cash Flow Statement calculate: Change in payables

WORKINGS	ANSWER	Inflow/Outflow

3



3.3.1 Calculate: Taxation paid

WORKINGS	ANSWER

4

3.3.2 Calculate: Dividends paid

WORKINGS	ANSWER

4

3.3.3 Calculate: Proceeds from sale of fixed assets

WORKINGS	ANSWER

5

3.3.4 Calculate: Funds used for the repurchase of shares

WORKINGS	ANSWER

2

TOTAL MARKS
35



QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	

3

4.2 LIBRA LIMITED

4.2.1 Identify TWO other liquidity indicators which also show that the company is likely to have serious liquidity concerns in future. Explain ONE point in EACH case (with figures).

POINT 1	
POINT 2	

4

4.2.2 Comment on how the increase in the loan affected the risk and gearing in 2021. Quote TWO financial indicators. State ONE point in EACH case (with figures).

POINT 1	
POINT 2	

6

Explain whether the decision to purchase additional property had the desired effect on demand for this product (with figures).

3



4.2.3 Explain why the public was not interested in buying the new shares issued at R6,00 per share. Quote THREE financial indicators (excluding indicators stated in QUESTION 4.2.2). State ONE point in EACH case (with figures).

POINT 1	
POINT 2	
POINT 3	

9

4.2.4 State TWO different points to justify their opinion. Quote figures or financial indicators.

POINT 1	
POINT 2	

4

4.2.5 Explain why the other directors were unhappy with the price paid for the shares repurchased from Anton Buys. State TWO points. Quote financial indicators or figures to support EACH point.

POINT 1	
POINT 2	

4

Give a calculation to show whether the repurchase of these shares affected Anton Buys' status as majority shareholder, or not.

WORKINGS	ANSWER

3



4.2.6 Explain what is meant by *good corporate governance* and explain why it is important to the shareholders.

3

Explain a possible reason why Anton Buys says he will vote against the proposal by Excellence Ltd.

2

Explain why you agree with the directors.

2

Give the directors advice on how they should handle this.

2

TOTAL MARKS
45

TOTAL: 150

