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Province of the  
**EASTERN CAPE**  
EDUCATION

Name:

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**SEPTEMBER 2021**

**ACCOUNTING P1  
ANSWER BOOK**

| QUESTION | MAX. MARKS | MARKS<br>OBTAINED | MODERATED<br>MARKS |
|----------|------------|-------------------|--------------------|
| 1        | 15         |                   |                    |
| 2        | 60         |                   |                    |
| 3        | 40         |                   |                    |
| 4        | 35         |                   |                    |
|          | 150        |                   |                    |

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This answer book consists of 9 pages.

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**QUESTION 1**

1.1

|       |  |
|-------|--|
| 1.1.1 |  |
| 1.1.2 |  |
| 1.1.3 |  |

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1.2 **AUDIT REPORT**

1.2.1

Identify the type of report and explain why this type of report was issued by the auditor.

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| 2 |
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1.2.2

Explain TWO points why shareholders will be concerned about the company receiving such a report.

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1.2.3

The CEO requested that the auditor classifies this donation as a 'sundry expense' and adjust the audit opinion accordingly. Provide TWO reasons why the auditor would not agree with this suggestion.

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- 1.2.4 Apart from the issues mentioned above, explain why the company would be accused of poor corporate governance.

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| TOTAL |
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|    |
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| 15 |
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## QUESTION 2

## 2.1 Statement of Comprehensive Income on 28 February 2021

|                                |         |
|--------------------------------|---------|
| Sales                          |         |
| Cost of sales                  |         |
| Gross profit                   |         |
| Other income                   |         |
| Discount received              | 14 000  |
|                                |         |
|                                |         |
| Gross income                   |         |
| Operating expenses             |         |
| Depreciation                   | 86 010  |
|                                |         |
|                                |         |
|                                |         |
|                                |         |
|                                |         |
|                                |         |
| Sundry expenses                |         |
| Operating profit               |         |
| Interest income                | 23 400  |
| Profit before interest expense |         |
|                                |         |
| Net profit before income tax   |         |
| Income tax                     |         |
| Net profit after tax           | 689 310 |

36

## 2.2 RETAINED INCOME

|                             |         |   |
|-----------------------------|---------|---|
| Balance on 1 March 2020     |         |   |
| Net profit after tax        | 689 310 |   |
|                             |         |   |
| Ordinary share dividends    |         |   |
| Interim dividends           | 126 000 |   |
|                             |         |   |
| Balance on 28 February 2021 |         | 7 |

## 2.3 EQUITIES AND LIABILITIES SECTION

\*show significant items separately under Current liabilities

|                              |  |    |
|------------------------------|--|----|
| SHAREHOLDERS EQUITY          |  |    |
| Ordinary share capital       |  |    |
| Retained income              |  |    |
|                              |  |    |
| Non-current liabilities      |  |    |
|                              |  |    |
| Current liabilities          |  |    |
| Trade and other payables     |  |    |
|                              |  |    |
|                              |  |    |
|                              |  |    |
|                              |  |    |
| TOTAL EQUITY AND LIABILITIES |  | 17 |

|       |    |  |
|-------|----|--|
| TOTAL | 60 |  |
|-------|----|--|

**QUESTION 3**

**3.1 Calculate the following for the Cash Flow Statement on 31 August 2021:**

|              |  |               |          |
|--------------|--|---------------|----------|
| <b>3.1.1</b> | <b>Change in payables (indicate inflow or outflow of cash)</b> |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>4</b> |
| <b>3.1.2</b> | <b>Income tax paid</b>   |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>4</b> |
| <b>3.1.3</b> | <b>Dividends paid</b>  |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>4</b> |
| <b>3.1.4</b> | <b>Proceeds from shares issued</b>                             |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>5</b> |
| <b>3.1.5</b> | <b>Funds used to repurchase shares</b>                         |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>3</b> |
| <b>3.1.6</b> | <b>Increase in loan</b>  |               |          |
|              | <b>WORKINGS</b>  | <b>ANSWER</b> |          |
|              |  |               |          |
|              |  |               | <b>4</b> |

3.2

|  |  |
|--|--|
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>     |  |
| <b>Cash and cash equivalents (opening balance)</b> |  |
| <b>Cash and cash equivalents (closing balance)</b> |  |

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3.3

3.3.1

|                                   |               |
|-----------------------------------|---------------|
| <b>Calculate: Acid-test ratio</b> |               |
| <b>WORKINGS</b>                   | <b>ANSWER</b> |
|                                   |               |

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3.3.2

|  |               |
|--|---------------|
| <b>Calculate: % return on average shareholders' equity</b> |               |
| <b>WORKINGS</b>  | <b>ANSWER</b> |
|  |               |

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| 5 |

3.3.3

|   |               |
|---|---------------|
| <b>Calculate: Dividend pay-out rate (%)</b> |               |
| <b>WORKINGS</b>                             | <b>ANSWER</b> |
|   |               |

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|              |           |  |
|--------------|-----------|--|
| <b>TOTAL</b> | <b>40</b> |  |
|--------------|-----------|--|



**QUESTION 4**

4.1

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|-------|--|
| 4.1.1 |  |
| 4.1.2 |  |
| 4.1.3 |  |

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4.2.1

**Identify the company that has the most efficient liquidity position. Quote and explain THREE financial indicators to support your choice.**

**COMPANY:**

**FINANCIAL INDICATORS AND EXPLANATION:**

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4.2.2

**A director of Green Ltd feels that the company should pay back the loan as soon as possible Explain what you would say to him. Quote TWO financial indicators (with figures) to motivate your opinion.**

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4.2.3

**Comment on the dividend pay-out rates of Green Ltd and Plaza Ltd, and provide a reason for the directors of each company deciding on those pay-out rates. Quote figures.**

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**4.2.4 Shareholding of Sandi Charley:**

Sandi Charley is a shareholder in two of these companies. She has R800 000 and intends to invest in new shares.

All three companies have decided to issue additional shares on 1 March 2021, at the existing market price on 28 February 2021.

Calculate Sandi's % shareholding in Green Ltd and comment on your findings.

CALCULATION:

COMMENT:

|   |
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Calculate the minimum number of shares she should buy in Green Ltd and the amount she would have to spend.

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What advice would you offer Sandi regarding her intentions to purchase shares in Plaza Ltd? Provide TWO points. Quote figures (financial indicators) to support your advice.

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|-------|----|--|
| TOTAL | 35 |  |
|-------|----|--|

**TOTAL: 150**