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Name:

NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2021

ACCOUNTING P1 ANSWER BOOK

QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS
1	15		
2	60		
3	40		
4	35		
	150		

This answer book consists of 9 pages.

2

4

QUESTION 1

1.1.1	
1.1.2	
1.1.3	

1.2 **AUDIT REPORT**

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

Explain TWO points why shareholders will be concerned about the company receiving such a report. 1.2.2

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.	
		4

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

2

TOTAL 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	
Operating expenses		
Sundry expenses		
	23 400	
Profit before interest expense		
Net profit before income tax		
Income tax		-
Net profit after tax	689 310	3

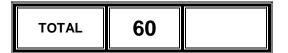
2.2 RETAINED INCOME

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



QUESTION 3

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

Change in payables (indicate inflow or outfle	ow of cash)
WORKINGS	ANSWER
Income tax paid WORKINGS	ANSWER
WORKINGS	ANSWER
Dividende neid	
Dividends paid WORKINGS	ANSWER
Proceeds from shares issued	
WORKINGS	ANSWER
Funds used to repurchase shares	
-	
WORKINGS	ANSWER
Increase in Ioan	
WORKINGS	ANSWER

3.3

.2 Calculat	e: % return on average shareholders	s' equity
	WORKINGS	ANSWER

3.3.3 Calculate: Dividend pay-out rate (%) WORKINGS ANSWER 4

TOTAL 40

6

6

6

QUESTION 4

4.1				
4.1	4.1.1			
	4.1.2			
	4.1.3			3
				5

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:

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.

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.

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:

4

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

6

4

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.

