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NATIONAL SENIOR CERTIFICATE

ACCOUNTING P1

GRADE 12

NOVEMBER 2023

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 closing stock of bicycles using the FIFO method.

WORKINGS	ANSWER

6

1.2 Statement of Comprehensive Income for the year ended 28 February 2023

Sales	21 017 200
Cost of sales	
Gross profit	
Other income	
Bad debts recovered	
Sundry income	
Gross operating income	12 254 100
Operating expenses	
Salaries and wages	
Depreciation	
Sundry expenses	
Operating profit	4 150 300
Interest income	
Profit before interest expense	
Interest expense	
Net profit before tax	3 737 250
Income tax	(1 152 000)
Net profit after tax	2 585 250

24

1.3 Statement of Financial Position on 28 February 2023

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Investment: Fixed deposit	
CURRENT ASSETS	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
ORDINARY SHAREHOLDERS' EQUITY	
Ordinary share capital	20 000 000
NON-CURRENT LIABILITIES	4 512 550
Loan	4 512 550
CURRENT LIABILITIES	
Trade and other payables	
Current portion of loan	420 000
TOTAL EQUITY AND LIABILITIES	

25

TOTAL MARKS

55

QUESTION 2**SHERBIZ LTD****2.1 ORDINARY SHARE CAPITAL NOTE**

1 200 000	Shares in issue on 1 March 2022	7 200 000	
			7

2.2 CASH FLOW OF OPERATING ACTIVITIES

Cash generated from operations		
Interest paid	(117 600)	
		10

CASH FLOW OF FINANCING ACTIVITIES

		6

2.3 Calculate the following financial indicators:

Net asset value per share	
WORKINGS	ANSWER
	3
Dividend payout rate	
WORKINGS	ANSWER
	5
% return on average shareholders' equity	
WORKINGS	ANSWER
	4

TOTAL MARKS
35

QUESTION 3

3.1	3.1.1	
	3.1.2	
	3.1.3	

3

3.2 Liquidity:

Identify the company that is managing its working capital well. Quote TWO financial indicators with figures and trends.

5

3.3 Financing strategies and gearing: Guardian Ltd

What were the causes of the change in the debt-equity ratio? Provide TWO causes with figures.

4

Explain why it was wise for the company to make more use of loans. Quote and explain ONE other financial indicator (with figures and trends) to support this opinion.

4

3.4 Dividends, earnings and returns: Navarra Ltd

Explain **ONE** financial indicator which indicates that a concerned shareholder should not be satisfied with the change in the dividend policy of the company. Quote figures and trends.

3

Explain whether the shareholders should be satisfied with the earnings and returns of the company. Quote **TWO** financial indicators with figures and trends.

6

3.5 Shareholding of Nathan Crewe in Navarra Ltd:

Identify the effect that the repurchase of Nathan's shares had on his % shareholding. Quote figures and trends.

2

Explain how the company was able to raise approximately R4,4 million to finance the repurchase of shares and dividends earned by shareholders. Provide **TWO** points. Quote figures.

4

Give **TWO** reasons why the decision to repurchase Nathan's shares should be considered as irresponsible.

4

3.6 Directorship:

'The CFO (chief financial officer) has a significant influence on the success of a company.' Explain why you would agree with this statement.

2

Explain whether the directors should be satisfied or not with the share prices of the companies at the end of the financial year. Quote TWO financial indicators in EACH case with figures and trends.

GUARDIAN LTD	
NAVARRA LTD	

6

The CEO (chief executive officer) of Guardian Ltd intends to offer the vacant position of CFO to Nathan Crewe in March 2023. Explain ONE point of advice to the CEO.

2

TOTAL MARKS
45

QUESTION 4: CORPORATE GOVERNANCE**4.1 Auditing:**

Explain ONE duty of an internal auditor.

2

Give ONE reason why the accounting records of a listed company must be audited by an external auditor.

2

4.2 Whistle-blowers (Informants):

What would you say to Sally regarding her statement in the first paragraph about whistle-blowers not being willing to take a stand against corruption? Explain ONE point.

2

4.3 Shareholders' opinions and concerns:

As a shareholder, explain THREE points that would concern you about the actions of the board of directors of Monaco Ltd. In EACH case, give a suitable reason for your concern.

CONCERN	REASON

9

TOTAL MARKS
15

TOTAL: 150