Province of the
EASTERN CAPE
EDUCATION

NATIONAL
SENIOR CERTIFICATE

IBANGA 12

SEPTEMBA 2021

ACCOUNTING P1

AMANQAKU: **150**

IXESHA: **2 iiyure**

ACXHO1

Eli phepha loviwo lunamaphepha ali-10, kuquka iformula sheet
Nencwadi yokuphendulela enamaphepha ali-9.

IMIYALELO NENGCACISO

Funda le miyalelo ilandelayo ngocoselelo wenze njengoko ikuyalela.

1. Phendula YONKE imibuzo.
2. INCWADI EKHETHEKILEYO YOKUPHENDULELA omawuphendule kuyo YONKE imibuzo uyinikiwe.
3. Bonisa WONKE umsebenzi ukuze ukwazi ukufumana namanqakwana.
4. Ungayisebenzisa icalculator engaprogranywanga.
5. Ungabhala ngepensile emnyama okanye usiba olumnyama/olublowu.
6. Apho kuyimfuneko, bonisa ZONKE izibalo zibe kwidesimal point ENYE.
7. Ukuba ukhetha ukwenjenjalo, ungasebenzisa iFinancial Indicator Formula Sheet edityaniswe ekupheleni kweliphepha lemibuzo. Ukusebenzisa leformula sheet AKUSOSINYANZELO.
8. Bhala ngokucocekileyo nangokucacileyo.
9. Sebenzisa olu lwazi lufumaneka kule theyibhile ingezantsi njengesikhokelo xa uphendula olu viwo. Zama ukuba UNGANXAXHI kuyo.

UMBUZO	ISIHLOKO	AMANQAKU	IXESHA (imizuzu)
1	Audit Report and corporate governance	15	10
2	Company financial statements	60	50
3	Cash Flow Statement and financial indicators	40	30
4	Interpretation of financial information	35	30
	EWONKE	**150**	**120**

UMBUZO 1: AUDIT REPORT AND CORPORATE GOVERNANCE

(15 amanqaku; 10 imizuzu)

1.1 Khetha igama kuludwe olunikwe ngezantsi, elihambelana nengcaciso, ubhale kuphela impendulo yakho ecaleni kwenombolo yombuzo (1.1.1–1.1.3) kwiINCWADI YEEMPENDULO.

Non-executive directors; Remuneration committee; Executive directors; Audit committee; Internal auditor

1.1.1 Baqwalasela imiba yeemali zokuhlawula abalawuli (directors)

1.1.2 Bayinxalenye yeBhodi yabalawuli (Board of Directors) kodwa abaqeshwanga kule nkampani

1.1.3 Abatyunjwe ngabanini zabelo ukuba benze imisebenzi ephambili yolawulo kwishishini (3 x 1) (3)

1.2 INGXELO YOPHICOTHO-ZINCWADI (AUDIT REPORT)

Kunikwe isicatshulwa seNgxelo yabaPhicothi abaZimeleyo.

OKULINDELEKILEYO:

1.2.1 Chonga uhlobo lwengxelo kwaye uchaze ukuba kutheni le nto ingxelo ikhutshwe ngumphicothi zincwadi. (2)

1.2.2 Chaza amanqaku amaBINI ukuba kutheni abanini zabelo beya kuxhalaba malunga nenkampani efumana ingxelo enjalo. (4)

1.2.3 Umphathi omkhulu (CEO) ucele ukuba umphicothi zincwadi awucwangcise lo mnikelo 'njengeendleko ezininzi' kwaye ahlengahlengise uluvo lophicotho-zincwadi ngokufanelekileyo. Nika izizathu EZIMBINI zokuba kutheni umphicothi zincwadi engavumelani neli cebiso. (4)

1.2.4 Ngaphandle kwale micimbi ikhankanywe apha ngasentla, cacisa ukuba kutheni le nkampani iza kutyholwa ngolawulo olungeluhle lweshishini. (2)

ULWAZI:

INXUBA LTD

ISICATSHULWA KWINGXELO YABAPHICOTHI-ZINCWADI ABAZIMELEYO

Basis for opinion

Isipho seR1,2 sinikwe kumbutho wasekuhlaleni wokubonelela ngeezicheme (face masks) kunye ne-hand-sanitisers, kwizikolo zengingqi. Inkqubo eyiyo ayilandelwanga kwaye akukho maxwebhu afumanekayo okuqinisekisa ukuthengiselana.

Audit Opinion

Ngokoluvo lwethu, ngaphandle kwesipho esinikezelwe kungakhange kulandelwe inkqubo efanelekileyo, iingxelo zemali zibonisa imeko yezemali yenkampani nge-28 kaFebruwari 2021.

15

UMBUZO 2: COMPANY FINANCIAL STATEMENTS (60 amanqaku; 50 imizuzu)

Olu lwazi lunxulumene no ZOZIE (PTY) LTD, abathengisi beencwadi, kunyaka ophele nge 28 February 2021.

OKULINDELEKILEYO:

Lungiselela oku kulandelayo konyaka-mali ophele nge 28 February 2021:

2.1 Ingxelo (statement) sengeniso epheleleyo (Comprehensive Income) (36)

2.2 Retained income note (7)

2.3 Icandelo le-EQUITY kunye NAMATYALA le Statement of Financial Position (17)

ULWAZI:

A. Isicatshulwa: Pre-Adjustment Trial Balance on 28 February 2021:

	R
Ordinary share capital	?
Ingeniso egciniweyo	204 040
Imboleko-mali: Luther Bank	955 000
Creditors control	368 470
Net trade debtors	463 000
Bank (favourable balance)	132 600
SARS: irhafu kwingeniso (Income tax)	295 500
Istokhwe sokurhweba	882 000
Intengiso	5 808 000
Iindleko zentengiso	?
Depreciation	86 010
Insurance	37 200
Isaphulelo esifunyenweyo	14 000
Rent income	139 500
Directors fees	450 400
Imivuzo	492 600
Audit fees	85 700
Interest income	23 400
Sundry expenses	?
Ordinary share dividends (interim dividends)	126 000

B. ADJUSTMENTS AND ADDITIONAL INFORMATION

(i) Impahla ebuyiswe ngumthengi-ngetyala, eyiR28 800, ebingekabhaliswa. Impahla iye yabuyiselwa kwistokhwe, kodwa akukho entries zenziweyo ukubhalisa letransaction. Iprofit mark-up 60% on cost ifakelwa kuyo yonke into ethengisiweyo.

(ii) Insurance iquka i-annual premium eyiR14 400, ehlawulelwe ixesha elisuka nge 1 April 2020 ukuya kwi 31 March 2021.

(iii) Umqeshi uhlawule irente ukuya kuthi ga kwi-30 April 2021. Qaphela ukuba irente inyuswe nge-15% ngonyaka. Ukususela nge-1 July 2020. Izakhiwo zahlala abantu ukusukela ngo-2018.

(iv) Umgcini zincwadi ushiyelele istokhwe se-calculators xa ebecwangcisa itrading stock figure eboniswe kwipre-adjustment trial balance. Isishwankathelo esisuka kwirecords zestokhwe se calculators, simi ngolu hlobo:

Isitokhwe sokuvula	600 eeyunithi
Okuthengiweyo enyakeni	2 200 eeyunithi
Ezibuyisiweyo	180 eeyunithi
Iiyunithi ezithengisiweyo	2 160 eeyunithi
Isitokhwe sokuvala	430 eeyunithi

- Inani lokuthengisa elifanelekileyo lirekhodiwe
- Calculators zithengwe ngesixa-mali sexabiso eliqingqiweyo eli-R175 inye. Indlela ethile yokuchonga isetyenziselwa ukuxabisa izixhobo zokubala.

Kuqapheleke ukuba icalculators zibiwe. Kusafuneka oku kurekhodwe.

(v) Inkampani iqeshe abalawuli abathathu kulwakhiwo lwemali olufanayo. Omnye waba balawuli akazange ayifumane intlawulo yakhe ngo February 2021. Umlawuli wesine, oqeshwe nge-1 December 2020, ufumana ama-R3 200 ngenyanga ngaphezulu kunabanye abalawuli. Ufumene imirhumo yakhe kulo nyaka umiyo.

(vi) Umvuzo kamabhalana osekhefini (leave) ayifakwanga kwi-Salaries Journal. Iinkcukacha zomvuzo wakhe zimi ngolu hlobo:

Net salary	Total employee deductions	Total employer contributions
R9 424	24% of gross salary	R1 240

*Igalelo lomqeshi lifakwa kwimirholo.

(vii) Uvavanyo oluhlengahlengisiweyo lufunyenwe luvela kubaphicothi zincwadi bangaphandle bechaza ukuba umrhumo wophicotho-zincwadi zonyaka ufikelela kwi-R80 500.

(viii) Istatement semali-mboleko esisuka kwi Luther Bank siveze oku kulandelayo:

• Intlawulo iyonke yonyaka (including interest)	R258 000
• Interest capitalised	?
• Balans nge 28 February 2021	R1 082 400

10% ye balans kwimali-mboleko izakuhlawulwa kunyaka-mali ozayo.

(ix) Emva kokuqaphela i-adjustments, the net profit after tax amounted to R689 310. The current income tax rate is 31%.

C. Share capital and dividends (izahlulo):

Incwadi yokubhala izabelo ibonise ama 745 000 ezabelo ezinikezelweyo nge 28 February 2021. Utshintsho ekwabelaneni ngemali nakwimali egciniweyo yarekhodwa:

- 1 October 2020: 120 000 yezabelo zinikezelwe zibiza i R8,00 inye.
- 1 December 2020: 75 000 yezabelo ziphinde zathengwa zibiza R1,40 ngaphezulu kwexabiso eliqhelekileyo lezabelo. Ezi zabelo azilungelanga ifinal dividends.
- Idividends zethutyana zihlawulwe nge 31 August 2021.
- Idividend yokugqibela yeesenti ezingama-23 isabelo ngasinye ichaziwe ngomhla we 28 February 2021.

D. Financial indicators calculated on 28 February 2021:

- Net asset value per share (NAV) 860 cents
- Current ratio 1,8 : 1

60

UMBUZO 3: CASH FLOW STATEMENT AND FINANCIAL INDICATORS
(40 amanqaku; 30 imizuzu)

Olu lwazi lubhekisele ku KAMP LTD ilelonyaka-mali ophela nge 31 August 2021.

OKULINDELEKILEYO:

3.1 Bala oku kulandelayo kwe Cash Flow Statement ngomhla we 31 August 2021:

3.1.1 Utshintsho kwizinto ezihlawulwayo (bonisa ukuba yi inflow okanye outflow yemali) (4)

3.1.2 Irhafu (Income tax) ehlawulweyo (4)

3.1.3 Dividends paid (4)

3.1.4 Imali evela kwizabelo ezinikezelweyo (5)

3.1.5 Imali esetyenziselwe ukuphinda kuthengwe izabelo (3)

3.1.6 Ukratya (Increase) kwimali-mboleko (4)

3.2 Gcwalisa icandelo le-NET CHANGE IN CASH AND CASH EQUIVALENTS ye Cash Flow Statement (4)

3.3 Bala ezi zalathi zimali zilandelayo kunyaka ophelileyo 31 Agasti 2021.

3.3.1 Acid test ratio. (3)

3.3.2 % Return on shareholders' equity. (5)

3.3.3 Dividend pay-out rate (%) (4)

Ilungelo loshicilelo likhuselwe
Tyhila

ULWAZI:

A. Isicatshulwa esivela kwiNgxelo yoNgeniso ePheleleyo (iNgxelo yeNgeniso) yonyaka ophele nge-31 Agasti 2021.

Inzala kwimali-mboleko (ivela kwa De Beer Lenders)	R 99 360
Net profit before tax	1 340 000
Income tax	428 800

B. Isicatshulwa esivela kwiBalance Sheet nge 31 August 2021.

	31 Aug 2021 R	31 Aug 2020 R
Inventories	350 000	380 200
Urhwebo nezinye izinto ezifunyanwayo (Note 1)	278 000	509 800
Imali eziinkozo kunye ne-cash equivalents	168 000	10 000
Shareholders' equity	7 293 200	5 650 000
Ordinary share capital	6 840 000	5 440 000
Imali-mboleko: De Beer Lenders	**?**	600 000
Urhwebo nezinye izinto ezihlawulwayo (Note 2)	670 100	459 600
Bank overdraft	-	109 800

C. Note 1: Urhwebo nezinye izinto ezifunyanwayo

	31 Aug 2021 R	31 Aug 2020 R
Trade Debtors	278 000	480 500
SARS (Income tax)		29 300
	278 000	**509 800**

D. Note 2: Urhwebo nezinye izinto ezihlawulwayo

	31 Aug 2021 R	31 Aug 2020 R
Trade Creditors	390 800	215 600
SARS (Income tax)	33 100	
Shareholders for dividends	**?**	208 000
Accrued expenses	6 200	
	670 100	**459 600**

E. Share Capital

1 September 2020	1 600 000 izabelo ezikhutshiweyo.
1 May 2021	400 000 izabelo ezongezelelweyo zakhutshwa.
31 August 2021	100 000 izabelo eziphinde zathengwa zibiza R1,40 ngaphezulu kwexabiso lezabelo eliqhelekileyo. They qualified for final dividends.

Dividends and earnings:

- Izabelo zethutyana zihlawulwe nge 28 February 2021 kuzo zonke izabelo ezikuluhlu (share register).
- Isabelo sokugqibela seesenti ezili-12 isabelo ngasinye zaziswe nge 31 August 2021. Total dividends for the year amounted to R528 000.
- The earnings per share (EPS) was calculated at 53 cents per share.

G. Imali-mboleko: De Beers Lenders

Imali-mboleko yonyusiwe ngomhla woku-1 September 2020 (ukuqala konyaka-mali). Inzala ye 12% ngonyaka ihlawulwe kwangethuba, kwaye ayikho-capitalised.

40

UMBUZO 4: INTERPRETATION OF FINANCIAL INFORMATION
(35 amanqaku; 30 imizuzu)

4.1 Khetha i(ama)gama achanekileyo kulawo anikwe kwizibiyeli. Bhala kuphela i(ama)gama ecaleni kwenombolo yombuzo (4.1.1 ukuya ku 4.1.3) KWINCWADI YOKUPHENDULELA.

4.1.1 Apho ishishini litshonayo, abanini-zabelo bayakulahlekelwa yi- investment in shares. Oku kungenxa ye-(limited / unlimited) liability concept.

4.1.2 The (historical cost / materiality / business entity) GAAP principle umisela ukuba izinto ezibalulekileyo ezinjengexabiso lenzala kufuneka zichazwe zodwa kwiingxelo zemali.

4.1.3 The (net asset value per share / market price) is influenced by the demand for shares on the stock exchange. (3 x 1) (3)

4.2 **GREEN LTD, BCM LTD and PLAZA LTD**

Olu lwazi lubhekisele kwiinkampani ezintathu ezahlukeneyo, ezisebenza in the same industry. Unyaka-mali nkampani nganye uphela ngomhla wokugqibela ka February.

OKULINDELEKILEYO:

QAPHELA: Nika amanani, izikhombisi zemali okanye ukubalwa kwimeko. NGANYE ukuxhasa izimvo zakho kunye neenkcazo.

4.2.1 **Liquidity**
Chonga inkamapani eyeyona ine-efficient liquidity position. Caphula uchaze zibe NTATHU i financial indicators ukuxhasa oko ukukhethileyo. (6)

4.2.2 **Risk and gearing:**
Umlawuli wase-Green Ltd ucinga ukuba inkampani imele ukuhlawula imali-mboleko ngokukhawuleza. Chaza ukuba ungathini kuye. Caphula ifinancial indicators ZIBEMBINI (kunye namanani) ukuxhasa uluvo lwakho. (6)

4.2.3 **Dividend pay-out policy:**
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. (6)

4.2.4 **Shareholding of Sandi Charley:**
USandi Charley ngumnini-zabelo kwinkampani ezimbini kwezi. Unamali engange-R800 000 afuna ukuyityala kwizabelo ezitsha.
Zontathu ezinkampanii zigqibe ekongezeni izabelo nge-1 March 2021, zisebenzisa imarket price emiyo yange-28 February 2021.

- Bala ipesenti(%) yezabelo zikaSandi kwa Green Ltd ze uphawule (comment) kwiziphumo ozifumeneyo. (4)

USandi ufuna ukuthenga ezinye izabelo kwa Green Ltd kwaye ufuna nokutyala imali kwa-Plaza Ltd.

- Bala elona nani lincinci lezabelo ekufuneka elithengile kwaGreen Ltd kunye nemali anokuyisebenzisa. (6)
- Ungamcebisa njani u Sandi malunga nembono yakhe yokuthenga izabelo kwaPlaza Ltd? Nika iingongoma zibe MBINI. Caphula amanani (izikhombisi zemali) ukuxhasa iingcebiso zakho. (4)

ULWAZI:

A. Financial indicators on 28 February 2021:

	GREEN LTD	BCM LTD	PLAZA LTD
Current ratio	3,3 : 1	1,8 : 1	1,6 : 1
Acid test ratio	1,9 : 1	1,1 : 1	0,4 : 1
Average debtors collection period	39 days	27 days	31 days
Average creditors payment period	65 days	42 days	60 days
Debt equity	0,6 : 1	0,3 : 1	0,7 : 1
Return on shareholders' equity (ROSHE)	9,5%	12,8%	5,3%
Return on average capital employed	14,7%	16,2%	11,4%
Ingeniso ngesabelo ngasinye (EPS)	91 cents	98 cents	64 cents
Dividends per share (DPS)	47 cents	74 cents	66 cents
Dividend pay-out rate	51,6%	75,5%	103%
Net asset value	520 cents	610 cents	566 cents
Market price on stock exchange	520 cents	692 cents	532 cents
Inzala kwimali-mboleko	13%	13%	13%

Credit terms: Debtors zinikwa iintsuku ezingama-30 ukuhlawula amatyala wazo ngokuphelelyo;
Ababolekisi bavumela iikhredithi yeentsuku ezingama-60.

B. Shares and shareholding of Sandi Charley:

	GREEN LTD	BCM LTD	PLAZA LTD
Inani lezabelo ezinikezelweyo	1 700 000	1 800 000	2 000 000
Izabelo zika Sandi Charley	900 000	450 000	0
Her % shareholding per company	**?**	25%	0%
Inani lezabelo inkampani nganye eceba ukulinikezela nge 1 March 2021 (at market price on 28 Feb 2021)	250 000	450 000	300 000

35

AMANQAKU EWONKE: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets **:** Total liabilities	Current assets **:** Current liabilities
(Current assets – Inventories) **:** Current liabilities	Non-current liabilities **:** Shareholders’ equity
(Trade and other receivables + Cash and cash equivalents) **:** Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	

NOTE:

* In this case, if there is a change in the number of issued shares during a financial year, the weighted average number of shares is used in practice.

Ilungelo loshicilelo likhuselwe

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets **:** Total liabilities	Current assets **:** Current liabilities
(Current assets – Inventories) **:** Current liabilities	Non-current liabilities **:** Shareholders' equity
(Trade and other receivables + Cash and cash equivalents) **:** Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	

NOTE:

* In this case, if there is a change in the number of issued shares during a financial year, the weighted average number of shares is used in practice.

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INFORMATION:

A. Financial indicators on 28 February 2021:

	GREEN LTD	BCM LTD	PLAZA LTD
Current ratio	3,3 : 1	1,8 : 1	1,6 : 1
Acid test ratio	1,9 : 1	1,1 : 1	0,4 : 1
Average debtors collection period	39 days	27 days	31 days
Average creditors payment period	65 days	42 days	60 days
Debt equity	0,6 : 1	0,3 : 1	0,7 : 1
Return on shareholders' equity (ROSHE)	9,5%	12,8%	5,3%
Return on average capital employed	14,7%	16,2%	11,4%
Earnings per share (EPS)	91 cents	98 cents	64 cents
Dividends per share (DPS)	47 cents	74 cents	66 cents
Dividend pay-out rate	51,6%	75,5%	103%
Net asset value	520 cents	610 cents	566 cents
Market price on stock exchange	520 cents	692 cents	532 cents
Interest rate on loan	13%	13%	13%

Credit terms: Debtors are granted 30 days to settle their accounts;
Creditors allow 60 days' credit terms.

B. Shares and shareholding of Sandi Charley:

	GREEN LTD	BCM LTD	PLAZA LTD
Number of shares in issue	1 700 000	1 800 000	2 000 000
Shares owned by Sandi Charley	900 000	450 000	0
Her % shareholding per company	**?**	25%	0%
Number of shares that each company plans to issue on 1 March 2021 (at market price on 28 Feb 2021)	250 000	450 000	300 000

35

TOTAL: 150

QUESTION 4: INTERPRETATION OF FINANCIAL INFORMATION
(35 marks; 30 minutes)

4.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

4.1.1 In the event of a business becoming bankrupt, shareholders would only lose their investment in shares. This is because of the (limited / unlimited) liability concept.

4.1.2 The (historical cost / materiality / business entity) GAAP principle stipulates that significant items such as interest expense be disclosed separately on financial statements.

4.1.3 The (net asset value per share / market price) is influenced by the demand for shares on the stock exchange. (3)

4.2 **GREEN LTD, BCM LTD and PLAZA LTD**

The information relates to three different companies, operating in the same industry. The financial year of each company ends on the last day of February.

REQUIRED:

NOTE: Provide figures, financial indicators or calculations in EACH case to support your comments and explanations.

4.2.1 **Liquidity**
Identify the company that has the most efficient liquidity position. Quote and explain THREE financial indicators to support your choice. (6)

4.2.2 **Risk and gearing:**
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. (6)

4.2.3 **Dividend pay-out policy:**
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. (6)

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. (4)

Sandi wants to buy additional shares in Green Ltd and also intends investing in Plaza Ltd.

- Calculate the minimum number of shares she should buy in Green Ltd and the amount she would have to spend. (6)
- 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. (4)

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INFORMATION:

A. Extract from the Statement of Comprehensive Income (Income Statement) for the year ended 31 August 2021.

Interest on loan (from De Beer Lenders)	R 99 360
Net profit before tax	1 340 000
Income tax	428 800

B. Extract from the Balance Sheet on 31 August 2021.

	31 Aug 2021 **R**	**31 Aug 2020** **R**
Inventories	350 000	380 200
Trade and other receivables (Note 1)	278 000	509 800
Cash and cash equivalents	168 000	10 000
Shareholders' equity	7 293 200	5 650 000
Ordinary share capital	6 840 000	5 440 000
Loan: De Beer Lenders	**?**	600 000
Trade and other payables (Note 2)	670 100	459 600
Bank overdraft	-	109 800

C. Note 1: Trade and other receivables

	31 Aug 2021 **R**	**31 Aug 2020** **R**
Trade Debtors	278 000	480 500
SARS (Income tax)		29 300
	278 000	**509 800**

D. Note 2: Trade and other payables

	31 Aug 2021 **R**	**31 Aug 2020** **R**
Trade Creditors	390 800	215 600
SARS (Income tax)	33 100	
Shareholders for dividends	**?**	208 000
Accrued expenses	6 200	
	670 100	**459 600**

E. Share Capital

1 September 2020	1 600 000 shares were in issue.
1 May 2021	400 000 additional shares were issued.
31 August 2021	100 000 shares were repurchased at R1,40 above the average share price. They qualified for final dividends.

F. Dividends and earnings:

- Interim dividends were paid on 28 February 2021 to all shares on the share register.
- A final dividend of 12 cents per share was declared on 31 August 2021. Total dividends for the year amounted to R528 000.
- The earnings per share (EPS) was calculated at 53 cents per share.

G. Loan: De Beers Lenders

The loan was increased on 1 September 2020 (beginning of the financial year). Interest at 12% p.a. was paid up to date, and is not capitalised.

40

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QUESTION 3: CASH FLOW STATEMENT AND FINANCIAL INDICATORS

(40 marks; 30 minutes)

The information relates to KAMP LTD for the financial year end 31 August 2021.

REQUIRED:

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

3.1.1 Change in payables (indicate if it is an inflow or outflow of cash) (4)

3.1.2 Income tax paid (4)

3.1.3 Dividends paid (4)

3.1.4 Proceeds from shares issued (5)

3.1.5 Funds used to repurchase shares (3)

3.1.6 Increase in loan (4)

3.2 Complete the NET CHANGE IN CASH AND CASH EQUIVALENTS section of the Cash Flow Statement (4)

3.3 Calculate the following financial indicators for the year ended 31 August 2021.

3.3.1 Acid test ratio. (3)

3.3.2 % Return on shareholders' equity. (5)

3.3.3 Dividend pay-out rate (%) (4)

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(iv) The bookkeeper omitted the stock of calculators in compiling the trading stock figure reflected on the pre-adjustment trial balance. A summary from the stock records of calculators, is as follows:

Opening stock	600 units
Purchases during the year	2 200 units
Returns	180 units
Units sold	2 160 units
Closing stock	430 units

- The relevant sales figure was recorded.
- Calculators are purchased at a fixed cost price of R175 each. The specific identification method is used to value the calculators.

It was noted that calculators were stolen. This must still be recorded.

(v) The company employs three directors on the same fee structure. One of these directors did not receive his fee for February 2021. A fourth director, appointed on 1 December 2020, earns R3 200 per month more than the other directors. He received his fees for the current year.

(vi) The salary of the clerk on leave was omitted from the Salaries Journal. Details of his salary is as follows:

Net salary	**Total employee deductions**	**Total employer contributions**
R9 424	24% of gross salary	R1 240

* Employer contributions are debited to salaries and wages.

(vii) An adjusted assessment was received from the external auditors stating that audit fees for the year amounts to R80 500.

(viii) The loan statement from Luther Bank revealed the following:

• Total repayments for the year (including interest)	R258 000
• Interest capitalised	?
• Balance on 28 February 2021	R1 082 400

10% of the loan balance will be settled during the next financial year.

(ix) After taking into account the adjustments, the net profit after tax amounted to R689 310. The current income tax rate is 31%.

C. Share capital and dividends:

The share register reflected 745 000 shares in issue on 28 February 2021. The changes to share capital and retained income were recorded:

- 1 October 2020: 120 000 shares were issued at R8,00 each.
- 1 December 2020: 75 000 shares were repurchased at R1,40 above the average share price. These shares do not qualify for final dividends.
- Interim dividends were paid on 31 August 2021.
- A final dividend of 23 cents per share was declared on 28 February 2021.

D. Financial indicators calculated on 28 February 2021:

- Net asset value per share (NAV) 860 cents
- Current ratio 1,8 : 1

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QUESTION 2: COMPANY FINANCIAL STATEMENTS (60 marks; 50 minutes)

The information relates to ZOZIE (PTY) LTD, a stationery retailer, for the year ended on 28 February 2021.

REQUIRED:

Prepare the following for the financial year ended 28 February 2021:

2.1 Statement of Comprehensive Income (36)

2.2 Retained income note (7)

2.3 The EQUITY and LIABILITIES section of the Statement of Financial Position (17)

INFORMATION:

A. Extract: Pre-Adjustment Trial Balance on 28 February 2021:

	R
Ordinary share capital	?
Retained income	204 040
Loan: Luther Bank	955 000
Creditors control	368 470
Net trade debtors	463 000
Bank (favourable balance)	132 600
SARS: Income tax	295 500
Trading stock	882 000
Sales	5 808 000
Cost of sales	?
Depreciation	86 010
Insurance	37 200
Discount received	14 000
Rent income	139 500
Directors fees	450 400
Salaries and wages	492 600
Audit fees	85 700
Interest income	23 400
Sundry expenses	?
Ordinary share dividends (interim dividends)	126 000

B. ADJUSTMENTS AND ADDITIONAL INFORMATION

(i) Goods returned by a debtor, R28 800, was not yet recorded. The goods were placed back in stock, but no entries were made to record this transaction. A profit mark-up 60% on cost is applied to all sales.

(ii) Insurance includes an annual premium of R14 400 paid for the period 1 April 2020 to 31 March 2021.

(iii) The tenant paid the rent up to 30 April 2021. Note that rent was increased by 15% p.a. with effect 1 July 2020. The premises were occupied since 2018.

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QUESTION 1: AUDIT REPORT AND CORPORATE GOVERNANCE

(15 marks; 10 minutes)

1.1 Choose an option from the list provided for each description below, write only your answer next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK.

Non-executive directors; Remuneration committee; Executive directors; Audit committee; Internal auditor

1.1.1 Responsible for reviewing fees payable to directors

1.1.2 They serve on the Board of Directors but do not work at the company

1.1.3 Appointed by shareholders to perform key management functions in the business (3 x 1) (3)

1.2 AUDIT REPORT

An extract of the Independent Auditors Report is provided.

REQUIRED:

1.2.1 Identify the type of report and explain why this type of report was issued by the auditor. (2)

1.2.2 Explain TWO points why shareholders will be concerned about the company receiving such a report. (4)

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)

INFORMATION:

INXUBA LTD

EXTRACT FROM THE INDEPENDENT AUDITORS REPORT

Basis for opinion

A donation of R1,2 m was made to a local community organisation for the provision of facemasks and hand-sanitisers, to local schools. Proper procedures were not followed and no documents were available to verify the said transaction.

Audit Opinion

In our opinion, except for the donation, that did not follow due process, the financial statements fairly present the financial position of the company on 28 February 2021.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Audit Report and corporate governance	15	10
2	Company financial statements	60	50
3	Cash Flow Statement and financial indicators	40	30
4	Interpretation of financial information	35	30
	TOTAL	**150**	**120**

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GRADE 12

SEPTEMBER 2021

ACCOUNTING P1

MARKS: **150**

TIME: **2 hours**

ACCNE1

This question paper consists of 10 pages, including a formula sheet and a 9-page answer book.