

NATIONAL SENIOR CERTIFICATE ACCOUNTING PAPER 1 SPECIAL ANSWER BOOK

MAY/JUNE 2024

EXAMINATION NUMBER

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
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CENTRE NUMBER

| | | | | | | | |
|--|--|--|--|--|--|--|--|
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| QUESTION | MARK | INITIAL | MODERATED MARK | INITIAL |
|--------------|--------------|---------|----------------|---------|
| 1 | (20) | | | |
| 2 | (55) | | | |
| 3 | (45) | | | |
| 4 | (30) | | | |
| TOTAL | [150] | | | |

THIS ANSWER BOOK CONSISTS OF 11 PAGES



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

QUESTION 1: ETHICS, CORPORATE GOVERNANCE AND AUDIT REPORT
(20 marks; 15 min)

1.1 Ethical Issues

Choose an explanation from Column B that matches an ethical issue in Column A. Write only the letter (A – E) next to the question number (1.1.1 – 1.1.5).

| | |
|-------|--|
| 1.1.1 | |
| 1.1.2 | |
| 1.1.3 | |
| 1.1.4 | |
| 1.1.5 | |

| |
|---|
| |
| 5 |

1.2 Corporate Governance and Audit Report

| | | | |
|---|--|--|---|
| <p>1.2.1 Briefly explain your understanding of ‘good corporate governance’.</p> | <table border="1"> <tr> <td></td> </tr> <tr> <td>2</td> </tr> </table> | | 2 |
| | | | |
| 2 | | | |
| <p>1.2.2 Explain why a company must have their financial statements audited by an external auditor.</p> | <table border="1"> <tr> <td></td> </tr> <tr> <td>2</td> </tr> </table> | | 2 |
| | | | |
| 2 | | | |
| <p>1.2.3 Identify the type of audit opinion that the company received and provide a reason for your answer.</p> <p>TYPE:</p> <p>REASON:</p> | <table border="1"> <tr> <td></td> </tr> <tr> <td>3</td> </tr> </table> | | 3 |
| | | | |
| 3 | | | |

1.2.4 The bookkeeper was instructed to reflect this as a marketing expense. The CEO tried to convince the independent auditor to ignore this as it had been recorded in the financial statements.

- Explain why the independent auditor did not follow the request of the CEO. Provide TWO reasons.**

| |
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| |
| 4 |

- Provide TWO possible consequences of this audit report, for the CEO and the company.**

Consequences for CEO

Consequences for the Company

| |
|---|
| |
| 4 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 20 |

QUESTION 2: FINANCIAL STATEMENTS AND NOTES

(55 marks; 45 min)

2.1 Calculate the correct NET PROFIT AFTER TAX for the financial year ended 30 June 2024.

| | |
|--------------------------------------|-----------------|
| Incorrect profit before tax | R583 195 |
| | |
| | |
| | |
| | |
| | |
| Correct net profit before tax | |
| Income tax | |
| Net profit after tax | |

| |
|-----------|
| |
| 14 |

2.2 Retained Income

| | |
|-------------------------------------|----------------|
| Balance at beginning of year | 369 180 |
| | |
| Repurchase of shares | |
| | |
| | |
| Final/ recommended | |
| Balance at end of year | |

| |
|-----------|
| |
| 10 |

2.3 Teen Graph Limited
Balance sheet (Statement of Financial Position) on 30 June 2024.

| | |
|--------------------------------------|------------------|
| ASSETS | |
| NON-CURRENT ASSETS | |
| Fixed assets | |
| CURRENT ASSETS | |
| Inventory | |
| Trade and other receivables | |
| Cash and cash equivalents | 540 |
| TOTAL ASSEST | |
| | |
| EQUITY AND LIABILITIES | |
| ORDINARY SHAREHOLDERS' EQUITY | |
| Ordinary share capital | 1 636 200 |
| | |
| NON-CURRENT LIABILITIES | |
| | |
| CURRENT LIABILITIES | |
| Trade and other payables | |
| | |
| | |
| | |
| TOTAL EQUITY AND LIABILITIES | |

| |
|-----------|
| 31 |
|-----------|

| |
|--------------------|
| Total Marks |
| 55 |

QUESTION 3: CASH FLOW STATEMENT, NOTE AND FINANCIAL INDICATORS

(45 marks; 35 min)

3.1 LEXOR Limited

NOTES TO THE STATEMENT OF FINANCIAL POSITION

ORDINARY SHARES CAPITAL

Authorised share capital

5 000 000 ordinary shares

| Issued share capital | | |
|-----------------------------|--|--|
| 2 880 000 | Ordinary shares in issue at the beginning of the year | |
| | | |
| | | |
| | Ordinary shares in issue at the end of the year | |

| |
|----------|
| 7 |
|----------|

**3.2 LEXOR LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2024.**

| | |
|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | |
| | |
| CASH FLOW FROM INVESTING ACTIVITIES | |
| | |
| | |
| | |
| CASH FLOW FROM FINANCING ACTIVITIES | |
| Proceeds from issue of share capital | |
| | |
| | |
| Net change in cash and cash equivalents | |
| Cash and cash equivalents beginning of year | |
| Cash and cash equivalents end of year | |

3.3 Mention TWO major decisions (above R1 000 000) that are reflected in the Cash flow statement and support the decision by quoting relevant figures. Indicate ONE possible point of impact that each decision would have on the company's future operations.

| Decision and figures | Impact on company's future |
|----------------------|----------------------------|
| | |
| | |

| |
|----------|
| |
| 6 |

3.4 Calculate the following financial indicators for the year ended 28 February 2024:

% Return on average equity

| Workings | Answer |
|----------|--------|
| | |

| |
|----------|
| |
| 6 |

Net asset value per Share (NAV)

| Workings | Answer |
|----------|--------|
| | |

| |
|----------|
| |
| 3 |

| |
|--------------------|
| Total Marks |
| 45 |

QUESTION 4: INTERPRETATION OF FINANCIAL INFORMATION

(30 marks; 25 min)

4.1 CONCEPTS

Choose the correct financial indicator from those given below to match the definition.

| | |
|-------|--|
| 4.1.1 | |
| 4.1.2 | |
| 4.1.3 | |
| 4.1.4 | |

| |
|----------|
| |
| 4 |

4.2 H&R Block Ltd.

4.2.1 Comment on the overall liquidity position of the company. Quote THREE relevant financial indicators (with figures).

Financial Indicators

Comment

| |
|----------|
| |
| 8 |



4.2.2 The directors decided to change the dividend pay-out policy in 2024.

- **Provide calculations that indicate the policy change.**

4

- **Explain the effect of this change of policy on the company. State TWO points**

4

4.2.3 One of the directors feels that the company should pay back the loan as soon as possible. What are your views about this? Quote and explain TWO relevant financial indicators with figures.

Financial indicators:

Comment

6

4.2.4 Explain why the shareholders are satisfied with:

| | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> • The market price of the shares on the JSE. | <table border="1" style="margin: auto;"> <tr><td style="height: 20px;"> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table> | | 2 |
| | | | |
| 2 | | | |
| <ul style="list-style-type: none"> • The price at which the 135 000 shares were repurchased on 25 June 2024. | <table border="1" style="margin: auto;"> <tr><td style="height: 20px;"> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table> | | 2 |
| | | | |
| 2 | | | |

| |
|--------------------|
| Total Marks |
| |
| 30 |