




Grade 12 Exam Preparation 2022


(Supported by Investec)

SUBJECT: ACCOUNTING
PAPER 1


Presented by
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SUPPORTED BY:  Investec 


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UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

 JuniorTukkie

The image shows the cover of a South African National Senior Certificate (NSC) exam question paper. At the top left is the coat of arms of the Republic of South Africa. To its right, the text reads "basic education" in a large, bold, sans-serif font, followed by "Department: Basic Education" and "REPUBLIC OF SOUTH AFRICA" in a smaller font. Below this, a dark blue rounded rectangle contains the text "NATIONAL SENIOR CERTIFICATE" in white. Underneath that, a light green rounded rectangle contains "GRADE 12" in dark blue. To the right of these elements, the words "PAPER 1" are written in a very large, bold, blue font. Below "PAPER 1", the text "QUESTION 4: CORPORATE GOVERNANCE" is written in a smaller, grey font. In the bottom right corner, there are two logos: the official logo of the University of Pretoria and a red logo with the letters "JT" and the text "JuniorTukkie" below it. The background of the cover features a large, abstract geometric design with overlapping triangles in shades of red, blue, and grey.



basic education
Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

PAPER 1

QUESTION 4: CORPORATE GOVERNANCE


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JT
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QUESTION 4: CORPORATE GOVERNANCE (20 marks; 20 minutes)

4.1 Explain why a disclaimer audit report would be bad for a company's reputation. Provide TWO points. (4)

4.2 One of the most important decisions that shareholders have to make at the annual general meeting (AGM) is to appoint directors to serve on the board.

- Explain why the shareholders have been given this responsibility. (2)
- If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain TWO points and give a reason for EACH. (6)

4.3 A recent news report stated that a major company, Baxco Ltd, had been awarded a tender to supply equipment worth R20 m to a chain of private hospitals. The report accuses the CFO (chief financial officer) of that company of paying R2 m in cash to the CEO of the hospital group.

As a shareholder, explain what you would say at the AGM. Provide TWO points. (4)

4.4 A major South African company has stated the following on its website and in its Directors' Report.

We have set up ways for employees and external stakeholders to report unethical conduct and incidents of individuals not complying with the company's ethical policies.

We have set up a tip-off phone line (call centre) controlled by an independent service provider.

All information will be treated confidentially. Whistle-blowers (informants) who submit genuine information will be protected and will remain anonymous.

In your opinion, explain why this major company found it necessary to implement this policy. Provide TWO points. (4)



4.1 Explain why a disclaimer audit report would be bad for a company's reputation.
Provide TWO points.

Explain why a disclaimer audit report would be bad for a company's reputation. Provide TWO points.

POINT 1

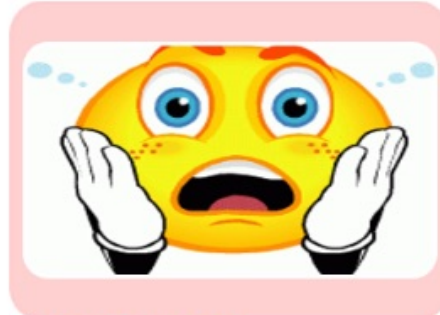
✓✓

This indicated that there is something seriously wrong with the financial statements. The company and its results cannot be trusted.

POINT 2

✓✓

This can negatively affect the share price on the JSE



DISCLAIMER

- The auditor is of the opinion that the financial statements are not reliable. They refuse to express an opinion. This will have consequences for the company.



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4.2 One of the most important decisions that shareholders have to make at the annual general meeting (AGM) is to appoint directors to serve on the board.

Explain why the shareholders have been given this responsibility.

- The shareholders are the major investors, but they cannot all work at the company.
- The shareholders appoint directors to run the company for them and they have entrusted their investment to the directors

Expected responses: ✓✓ part marks for incomplete/ partial answers

If you were a shareholder, what factors or characteristics would you want to find out about the directors who would get your vote? Explain TWO points and give a reason for EACH.

	EXPLANATION	REASON
POINT 1	Integrity Honesty Clear crime record	The shareholders have entrusted their investment to the directors
POINT 2	Good qualifications	They need expertise to run a company well



4.3 A recent news report stated that a major company, Baxco Ltd, had been awarded a tender to supply equipment worth R20 m to a chain of private hospitals. The report accuses the CFO (chief financial officer) of that company of paying R2 m in cash to the CEO of the hospital group.

As a shareholder, explain what you would say at the AGM. Provide TWO points.

- This appears to be an under-handed agreement that did not follow the normal tender processes;
- The CFO's actions must be investigated and appropriate disciplinary measures should follow (abusing his influence / authority)
- If the directors' integrity is compromised, this will affect the reaction of the public and customers. This would affect the share price and the profits.
- Institute an investigation or criminal proceedings.

TWO valid points: ✓✓✓✓ part marks for incomplete/ partial answers



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In your opinion, explain why this major company found it necessary to implement this policy. Provide TWO points.

- Crime is a major problem in this country and people are scared to come forward to report crimes as they fear that their lives might be at risk.
- The company states this in their policies to make people realise that they are serious about combatting crime.
- The company would want to find out about wrong-doing before it is exposed in the press.

TWO valid points: ✓✓ ✓✓ part marks for incomplete/ partial answers



**THANK YOU
NEXT PAPER 2**

