Grade 12
Exam Preparation 2022
(Supported by Investec)

SUBJECT: ACCOUNTING
PAPER 1

Presented by
Karlien Brimecombe

SUPPORTED BY: Investec

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Junior Tukkie

basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL
SENIOR CERTIFICATE

GRADE 12

PAPER 1

QUESTION 2: SHARE CAPITAL, FINANCIAL INDICATORS AND CASH FLOW STATEMENT

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The information relates to Brewer Ltd for the financial year ended 28 February 2021.

REQUIRED:

2.1 Prepare the Ordinary Share Capital Note on 28 February 2021. (6)

2.2 Calculate the following financial indicators on 28 February 2021:

- % operating expenses on sales (2)
- Dividend per share (4)
- % return on average shareholders' equity (5)

2.3 Complete the Cash Flow Statement for the year ended 28 February 2021. Certain figures are provided in the ANSWER BOOK. (18)

INFORMATION:

A. Shares and dividends:

DATE	DETAILS OF SHARES
1 March 2020	800 000 in issue
30 June 2020	100 000 new shares issued
1 January 2021	30 000 shares repurchased at R1,20 more than the average share price
28 February 2021	? shares in issue

- Interim dividend of R162 000 was paid on 30 September 2020.
- A final dividend of 22 cents per share was declared on 28 February 2021.

B. Extract from the Statement of Comprehensive Income (Income Statement) for the year ended 28 February 2021:

Sales	R7 293 000
Cost of sales	4 862 000
Operating expenses	1 458 600
Net profit before tax	1 350 000
Net profit after tax	985 500

C. Extract from the Statement of Financial Position (Balance Sheet) on:

	28 Feb. 2021 R	29 Feb. 2020 R
Petty cash and cash float	?	20 000
Ordinary shareholders' equity	**8 038 100**	**6 450 000**
Ordinary share capital	7 395 000	6 400 000
Retained income	643 100	50 000
Loan: Sharks Bank	1 650 000	2 200 000
SARS: Income tax	29 100 **Dr**	35 900 **Cr**
Shareholders for dividends	191 400	115 300
Bank overdraft	0	95 200

Ordinary Share Capital Note on 28 February 2021

800 000	**Ordinary shares at the beginning**	6400 000
+ **100 000**	**New shares issued**	1250 000
(30 000)	Ordinary shares repurchased at R8,50	(255 000)
= 870 000	**Shares at the end of the year**	**7 395 000**

→ Balancing figure

R7395000÷870000

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CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021

Figures are NOT required in shaded areas.

CASH FLOW FROM OPERATING ACTIVITIES	**1 180 000**
Cash generated from operations	
Interest paid	
Dividends paid (115 300 + 162 000)	(277 300)
CASH FLOW FROM INVESTING ACTIVITIES	**(1 320 000)**
CASH FLOW FROM FINANCING ACTIVITIES	409 000
Shares issued	1250 000
Shares repurchased (30000 x (8,50 + 1,20))	(291 000)
Loan repaid (1650 000 - 2200 000)	(550 000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS AT BEGINNING	
CASH AND CASH EQUIVALENTS AT END	

800 000	**Ordinary shares at the beginning**	6400 000
+ **100 000**	**New shares issued**	1250 000
(30 000)	Ordinary shares repurchased at R8,50	(255 000)

INFORMATION:

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CASH FLOW FROM OPERATING ACTIVITIES	**1 180 000**
Cash generated from operations	
Interest paid	
Dividends paid (115 300 + 162 000)	(277 300)
Tax paid	(429 500)
CASH FLOW FROM INVESTING ACTIVITIES	**(1 320 000)**
CASH FLOW FROM FINANCING ACTIVITIES	409 000
Shares issued	1250 000
Shares repurchased (30000 x (8,50 + 1,20))	(291 000)
Loan repaid (1650 000 - 2200 000)	(550 000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	269 000
CASH AND CASH EQUIVALENTS AT BEGINNING	(75 200)
CASH AND CASH EQUIVALENTS AT END	193800

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SARS: Income tax

Bank	429500	Balance Bld	35900
		Income tax	364500
		Balance c/d	29100
Balance Bld	29100		

Net change	2021	2020
		20000
		(95 200)
		(75200)

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364 500

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Calculate the following financial indicators on 28 February 2021:

% operating expenses on sales	
WORKINGS	**ANSWER**
$\frac{1458600}{7293000} \times 100$	20%

Dividend per share	
WORKINGS	**ANSWER**
$\frac{162000}{900\,000}$ = 18 cents 18+22	40 cents

% return on average shareholders' equity	
WORKINGS	**ANSWER**
$\frac{985\,500}{\frac{1}{2}(6450000 + 8038100)} \times 100$ 7244050	13,6%

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THANK YOU
NEXT QUESTION 3

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