

QUESTION 1: COMPANY FINANCIAL STATEMENTS

- 1.1 Calculate the correct net profit after tax for the year ended 30 June 2025. Indicate a + for increase and a – for decrease.

Calculation of the correct after tax <small>Accept brackets instead of –. Positive/negative effect must be correct</small>		
Incorrect net profit		2 992 320
Trading stock surplus		+13 560 ✓✓
Provision for bad debts adjustment		+2 880 ✓✓
Rent income		-3 360 ✓
Insurance		+5 400 ✓✓
Directors' Fees		+48 750 ✓✓
Correction of error: Asset disposal	<small>-8 160 one mark</small>	-16 320 ✓✓
Correct net profit before tax	<small>Operation, one part correct</small>	3 043 230 ✓
Income tax	<small>Accept if no sign</small>	-900 000 ✓
Net profit after tax	<small>Check operation, Correct NP – tax</small>	2 143 230 ✓

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Foreign entries -1 (max-2)

- 1.2 Prepare the Retained Income Note on 30 June 2025.

Balance at beginning of year		2 700 000
Net profit after tax	<small>see 1.1 above</small>	2 143 230 ✓
Repurchase of shares (24 000 ✓ x R1,10 ✓✓) OR (60 000 – 33 600)	<small>1 mark 2 marks One part correct</small>	(26 400) ✓ <small>Must be -ve / in brackets</small>
Dividends	<small>One part correct, must be negative / brackets</small>	(1 770 720) ✓
Interim		720 000 ✓
Final (4 776 000 ✓ x 0,22 ✓)	<small>One part correct</small>	1 050 720 ✓
Balance at end of year	<small>Operation, one part correct</small>	3 046 110 ✓

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1.3 Prepare the Statement of Financial Position (Balance Sheet) on 30 June 2025.

ASSETS		
NON-CURRENT ASSETS		10 340 000
Fixed assets at carrying value		10 340 000
CURRENT ASSETS	TA-NCA	1 103 230 ✓
Inventories		243 840 ✓
Trade and other receivables		426 750 ✓
379 200 – 10 800 ✓ – 1 000 ✓ + 5 200 ✓ + 48 750 ✓ + 5 400 ✓		Operation, one part correct
Cash and cash equivalents	Balancing figure	432 640 ✓
TOTAL ASSETS	Transfer OE + L	11 443 230 ✓
		10
EQUITY AND LIABILITIES		
ORDINARY SHAREHOLDERS' EQUITY	Operation	9 732 510 ✓
Ordinary share capital		6 686 400
Retained income	see 1.2	3 046 110 ✓
		2
NON-CURRENT LIABILITIES		248 400
Mortgage loan: Custom Bank		248 400 ✓
314 640 ✓ – 66 240 ✓ ✓ ✓ Any figure if subtracted		one part correct
314 640 / 57 = 5 520 x 12 Three marks / 314 640 x 12/57 Three marks		5
CURRENT LIABILITIES	Operation	1 462 320 ✓
Trade and other payable	Operation, one part correct	315 360 ✓
(313 000 ✓ + 3 360 ✓ – 1 000 ✓)		
Current portion of loan	See NCL	66 240 ✓
SARS: Income tax (900 000 ✓ – 870 000 ✓)	Operation, one part correct	30 000 ✓
Shareholders for dividends	see 1.2	1 050 720 ✓
TOTAL EQUITY AND LIABILITIES	Operation	11 443 230 ✓
Foreign entries -1 (max -2). Poor Presentation / Incorrect or incomplete details -1 (max -2)		
SARS may not be shown as a current asset; final balance must be under CL		11

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1.4 Explain why the shareholders of the shares re-purchased on 31 May 2025 do not qualify for final dividends. State ONE point.

Explanation ✓✓ part-mark for incomplete / partially correct explanations

The repurchase occurred before the dividend record date / Dividends declared after their shares have been repurchased / They are no longer "owners" of the company.

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TOTAL MARKS

55
