

REVISION: COMPANIES FINANCIAL STATEMENTS

20 MARCH 2014



Lesson Description

In this lesson we revise:

- Unique Ledger Accounts
- Companies: Preparation of Final Accounts
- Companies: Balance Sheet



Improve your Skills

Unique Ledger Accounts

Question 1: Company General Ledger Accounts

Use the information below to prepare the relevant ledger accounts of McDot Trading Ltd for the year ending 28 February 2011.

Information relating to McDot Trading Ltd:

Balances on 1st March 2010 included the following:

Retained income/ Accumulated profits	R82 000
Shareholders for dividends	R60 000
South African Revenue Services (Income tax)	R14 500 (credit)

By 28 February 2011, McDot Trading Limited had issued 500 000 ordinary shares.

The following transactions took place during the year:

- 2010 March 31 Paid the amount due to the SARS and to the shareholders

- 2010 September 30 Made a provisional income tax payment of R53 500
Paid an interim dividend of R20 000 to the shareholders.

- 2010 December 1 Made a second provisional payment of R57 000.
100 000 new shares were issued at an issue price of R2. All of the money was received.

- 2011 February 28 Calculated the net income before tax at R320 000
Income tax was calculated at 30% for the year.
Declared a final dividend of 10 cents per share.

a.) **Shareholders for Dividend**

notes for...

b.) **South African Revenue Services (Income tax)**

c.) **Ordinary share dividends**

d.) **Appropriation account**

(11)

Companies: Preparation of Final Accounts

Question 1

Happy Badgers Limited trades in making matric badges. The Company is authorized to issue 1 000 000 ordinary shares.

The directors are concerned that the market price per share at Johannesburg Securities Exchange (JSE) on 1 March 2013 has declined from R9,00 to R6,00 per share. The directors informed the internal auditor to investigate what contributed to the declined market price per share.

You have been requested by shareholders to present information relating to the following company accounts for the period 1 March 2013 to 28 February 2014.

Required

Complete the following accounts and balance/close off the accounts on 28 February 2014.

- Ordinary share capital
- Retained income

- Shareholders for dividends
- SARS: income tax
- Ordinary share dividends
- Income tax
- Appropriation

Information

The following balances appeared in the books on 1 March 2013:

Ordinary Share Capital (100 000 shares issued)	500 000
Retained Income/ Accumulated Profits	98 000
SARS (Income Tax) (Dr)	15 000
Shareholders for dividends	85 000

Additional Information

1

2013 The amounts due to the shareholders for dividends were paid. We also received a
Mar 31 refund cheque from SARS for the amount due to us

2 **Income tax details are as follows:**

2013 The company paid their first provisional tax of R280 000.
Aug 31

2014 A second provisional tax payment of R290 000 was made.
Feb 28

The Income tax for the year amounted to R600 000, being 30% of net profit.

3 **Shares and Dividends**

2013

Mar 31 Issued 40 000 no par value ordinary shares for R240 000.

Mar 31 Issued another 50 000 no par value ordinary shares @ R8 per share.

Aug 30 The directors decided to pay an interim dividend R140 000.

Sep 15 After investigation the directors realised that the shares were undervalued in the market place and therefore decided to buy 45000 ordinary shares for R333 000.

2014

28 Feb The directors recommended and declared a dividend of 245cents per share to the shareholders at the AGM meeting.

Companies: The Balance Sheet

Question 1

The loan statement from Supa Bank on 30 June 2013 reflects the following:

SUPA BANK LOAN STATEMENT ON 30 JUNE 2009	
Balance on 1 July 2012	R384 000
Interest charged	57 600
Monthly payments in terms of the loan agreement (12 x R8 800) (These monthly payments include interest and capital repayments of the loan)	105 600
Balance on 30 June 2013	<u>R336 000</u>
The monthly capital repayments of the loan will remain constant until the loan is fully repaid on 30 June 2021.	

Calculation

NON-CURRENT LIABILITIES		
Mortgage loan: Supa Bank		
CURRENT LIABILITIES		

Question 2

One third of the fixed deposit matures on 31 August 2013. FIXED DEPOSIT R60 000

Calculation

Financial Assets		
Fixed deposit: Supra Bank		
Cash and Cash equivalents		