



Western Cape
Government

Education

Directorate: Curriculum FET

TELEMATICS 2015

Grade 12 (Terms 2 & 3)

ACCOUNTING

WORKBOOK

Activity 1

1.1 NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014 Reconciliation between net profit before tax and cash generated from operations

Net profit before taxation	
Adjustments in respect of:	
Operating profit before changes in working capital	
Cash effects of changes in working capital	
Cash generated from operations	

1.2 BENNIE BOOKS LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

Cash effects of operating activities	
Cash generated (utilised) from operations	
Cash effects of investing activities	
Cash effects of financing activities	
Net change in cash & cash equivalents	
Cash & cash equivalents at beginning of year	
Cash & cash equivalents at end of year	

Activity 2

2.1 CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2014

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(168 000)
Income tax paid	A
Dividends paid	B
CASH EFFECTS OF INVESTING ACTIVITIES	(314 000)
Fixed assets purchased	(400 000)
Proceeds from sale of fixed assets	86 000
CASH EFFECTS OF FINANCING ACTIVITIES	
Proceeds of shares issued	C
Repurchase of shares	D
Increase/Decrease in loans	E
Net change in cash and cash equivalents	F
Cash and cash equivalents (1 March 2012)	G
Cash and cash equivalents (28 February 2013)	78 000

2.2

Apart from the dividends and the loan, what other major decisions by the directors are reflected in the Cash Flow Statement? State TWO major decisions and quote the relevant figures. Also explain how EACH of these decisions would benefit the company in future.

Decision 1 (with figures)	Explanation of benefit to company
Decision 2 (with figures)	Explanation of benefit to company

Activity 3

3.1.1

Calculate the net asset value per share for 2014.

3.1.2

Calculate the debt-equity ratio for 2014.

3.1.3

Calculate the % Return on average capital employed for 2014.

3.2

Comment on the liquidity position of the company. Quote THREE relevant financial indicators (actual figures/ratios/percentages) and their trends.

Financial indicator 1 and trend:

Financial indicator 2 and trend:

Financial indicator 3 and trend:

General comment:

3.3 The directors decided to increase the loan during the current financial year. Quote TWO financial indicators (actual figures/ ratios/percentages) that are relevant to their decision. Explain whether this was a good decision, or not.

Financial indicator 1:

Financial indicator 2:

Explanation:

3.4 The Muller family owns 740 000 shares in this company. Explain the effect that the repurchase of shares on 31 December 2013 had on their control of the company. Give a calculation(s) to support your answer.

Activity 4

4.1.1 Calculate the % operating expenses on sales

4.1.2 Calculate the solvency ratio

4.1.3 Calculate the debt-equity ratio

4.2 Comment on the operating efficiency of the company for the year ended 31December 2014. Quote TWO financial indicators (actual ratios or percentages) relating to the Income Statement to support your comments.

4.3

Would the shareholders be happy with the returns, earnings and dividends for the year ended 31 December 2014? Explain. Quote THREE financial indicators (actual ratios or percentages) or figures to support your comments.

Opinion

Explanation

Quoting of figures

4.4

The Chief Executive Officer (CEO) feels that it would be a good idea to increase the loans next year. Quote TWO financial indicators (actual ratios or percentages) to support his opinion.

Activity 5

5.1.1 Calculate the percentage net profit after tax on sales

5.1.2 Calculate the debt-equity ratio

5.1.3 Calculate the return on average shareholders' equity (ROSHE)

5.2 The directors are of the opinion that the operating efficiency of the company has improved. Quote and explain TWO financial indicators (with figures) to support their opinion.

5.3

The shareholders are happy with their return, earnings and dividends. Quote and explain THREE financial indicators (with figures) to support their opinion.

Comment on shareholders' return:

Comment on earnings:

Comment on dividends:

5.4

New shares were issued at the beginning of the financial year at R10,00 each. As an existing shareholder, would you be satisfied with this issue price?

Yes/No:

Quote TWO financial indicators (with figures) to explain your opinion:

5.5

A large loan repayment was made. Comment on whether this was a good idea or not. Quote TWO financial indicators (with figures) to support your comment.