

Question 1 (36 marks) (43 minutes)

a) Total comprehensive income

Profit before tax	84 510
Depreciation (2 700 + 9 000)	(11 700)
Credit losses	(400)
Credit losses recovered	850
Tax expense	<u>(24 500)</u>
Profit for the year	48 760
Other comprehensive income	<u>0</u>
Total comprehensive income	<u><u>48 760</u></u>

b) Ndabazabantu CC

Statement of changes in net investment for the year ended 28 February 2018

	Members' contributions	Retained earnings	Loans from members	Loans to members	Total
Balances: 1 Mar 2016	200 000	134 100	42 000	0	376 100
Total comprehensive income					
Profit for the year		48 760			48 760
Other comprehensive income					
Distributions		(40 000)	20 000		(20 000)
Balances: 28 Feb 2017	200 000	142 860	62 000	0	404 860
Non-current liability (40%)			62 000		
Current liability (60%)					

1. $100\ 000 + 100\ 000 = 200\ 000$

2. $18\ 000 + 24\ 000 = 42\ 000$

c) Ndabazabantu CC

Statement of financial position as at 28 February 2018

Assets

Non-current assets	279 600
Property, plant and equipment	279 600
(249 800 + 15 000 + 45 000 - 5 000 - 13 500 - 2 700 - 9 000)	
Current assets	198 310
Inventory	60 000
Trade and other receivables (1 500 - 400)	1 100
Cash and cash equivalents (136 360 + 850)	137 210
Total assets	<u><u>477 910</u></u>

Equity and liabilities

Owners' equity	342 860
Members contributions	200 000
Retained earnings	142 860
Non-current liabilities	90 000
Loans from members	62 000
Long-term loan (Second Bank) (35 000 - 7 000)	28 000
Current liabilities	45 050
Trade and other payables (4 000)	4 000
SARS (Income tax payable) (24 500 - 10 450)	14 050
Short-term portion of long-term loan (35 000/5)	7 000
Distributions payable (40 000/2)	20 000
Total equity and liabilities	<u>477 910</u>

Question 2 (24 marks) (29 minutes)

a)	Current account: Daffo	28 100	
	Current account: Dils	8 400	
	Capital: Daffo		28 100
	Capital: Dils		8 400
	Transferral	175 000	
	Delivery vehicle		85 500
	Equipment		9 500
	Inventory		22 000
	Trade and other receivables		28 000
	Bank		30 000
	Goodwill		0
	Capital: Daffo (39 400 + 28 100)	67 500	
	Capital: Dils (59 100 + 8 400)	67 500	
	Trade and other payables	40 000	
	Transferral		175 000

Calculations

1. Goodwill:

Cap: Daffo = 39 400 + 28 100 = 67 500

Cap: Dils = 59 100 + 8 400 = 67 500

Cap: Rose = **(Errata in question: Use R67 500 not R67 000)** 67 500

202 500

Fair value of business as a whole: 202 500

67 500 x 3/1 =

Goodwill = 202 500 - 202 500 = 0

b) New profit sharing ratio:	Daffo	Dils	Rose
	$3/5 - (3/5 \times 1/3)$	$2/5 - (2/5 \times 1/3)$	$0 + 1/3$
	$= 2/5$	$= 4/15$	$= 1/3$
	$= 6/15$		$= 5/15$

New ratio: Daffo: Dils: Rose = 6 : 4 : 5

Question 3 (22 marks) (26 minutes)

Bhagwandas Outfitters

Statement of cash flows for the year ended 28 February 2018

Cash flows from operating activities

Cash paid to suppliers and employees (1)	418 190
Cash flows from operating activities (2*)	<u>(234 590)</u>
Cash generated from operations	183 600
Interest paid (16 000 + 700 - 2 200)	(14 500)
Drawings	<u>(68 100)</u>
Net cash flows from operating activities	<u><u>101 000</u></u>

Calculations:

(1) Sales	425 500
Credit loss	(4 500)
Net Debtors (open)	161 600
(173 600 - 12 000)	
(close)	(164 410)
(179 410 - 15 000)	
	<u><u>418 190</u></u>

(2) Cash paid to creditors (given)	153 000
Admin expenses	20 000
Insurance expense	12 280
Salaries & Wages	45 100
Water and electricity	4 720
Accrued Insurance (open)	0
(close)	(260)
Prepaid W&E (open)	(1 100)
(close)	<u>850</u>
	<u><u>234 590</u></u>

(2) *Also correct, yet the answer differs	
Purchases	155 000
Admin expenses	20 000
Insurance expense	12 280
Salaries & Wages	45 100
Water and electricity	4 720
Creditors (open)	43 000
(close)	(53 000)
Accrued Insurance (open)	0
(close)	(260)
Prepaid W&E (open)	(1 100)
(close)	<u>850</u>
	<u><u>226 590</u></u>

Question 4 (18 marks) (22 minutes)

Note: Property, plant and equipment	Land & buildings	Equipment	Vehicles
Carrying amount: 1/3/2017	950 000	200 000	190 000
Cost price	950 000	250 000	270 000
Accumulated depreciation		(50 000)	(80 000)
Depreciation		(39 500)	(67 500)
Additions			
Disposals		(6 500)	
Cost price		(15 000)	
Accumulated depreciation		8 500	
Carrying amount: 28/2/2018	950 000	154 000	122 500
Cost price	950 000	235 000	270 000
Accumulated depreciation		(81 000)	(147 500)

Calculations:

Depreciation:

Sold equipment: 1/3/2017 - 31/10-2017: $(15\ 000 - 7\ 500) \times 20\% \times 8/12 = 1\ 000$

AD: $7\ 500 + 1\ 000 = 8\ 500$

Old equipment: 1/3/2017 - 28/2/2018: CP: $250\ 000 - 15\ 000 = 235\ 000$

AD: $50\ 000 - 7\ 500 = (42\ 500)$

$(235\ 000 - 42\ 500) \times 20\% = 38\ 700$

Vehicles: 1/3/2017 - 28/2/2018: $270\ 000 \times 25\% = 67\ 500$