

Study & Master

Support Pack | Grade 12

A circular logo with the word 'CAPS' inside, surrounded by a double-line border.

Accounting

Ledger accounts and Accounting equation

This revision pack for **Accounting Grade 12** provides support for learners revising the most important concepts and principles covered in the CAPS curriculum. These include concepts relating to companies, the acquisition of Fixed assets, inventories, VAT, Manufacturing and cost accounts, and budgeting. Summaries of the GAAP principles, theory of Accounting, and the format of Debtors and Creditors control accounts are provided. Furthermore, a detailed table to summarise the interpretation of Financial Statements is provided.

You have permission to print or photocopy this document, and to distribute it electronically via email or WhatsApp.

Cambridge University Press Africa is a proudly South African publisher – we are providing this material in response to the need to support teachers and learners during the school shutdown and for the remainder of the 2020 school year.

For more information on our *Study & Master* CAPS-approved textbooks and valuable resource material, visit

www.cambridge.org

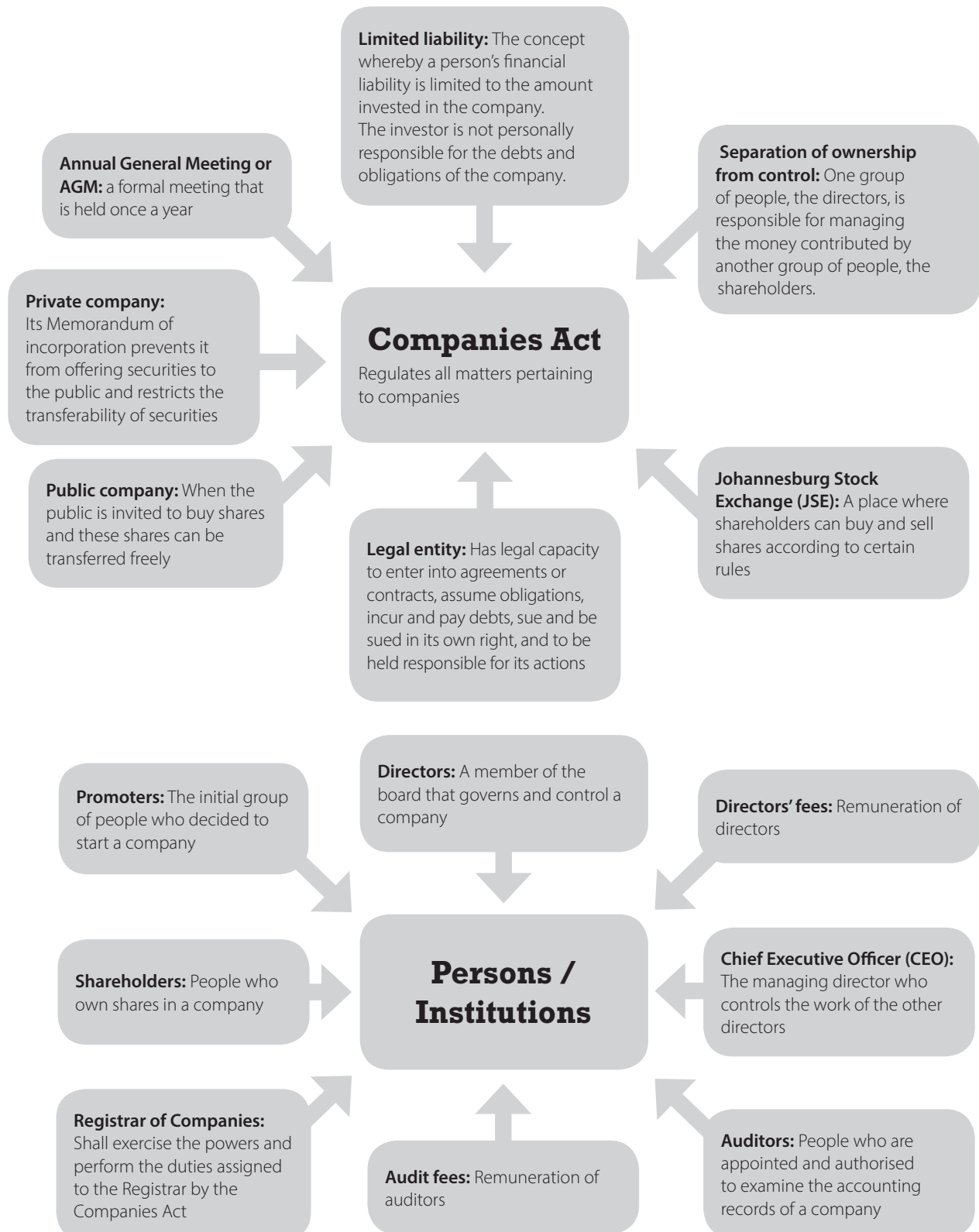
We are all in this together!

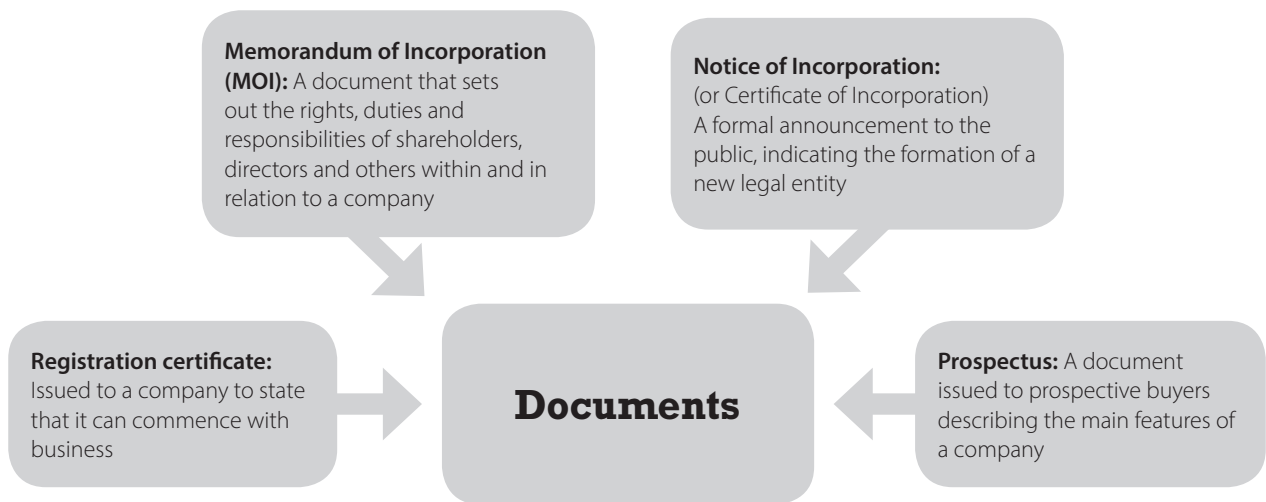
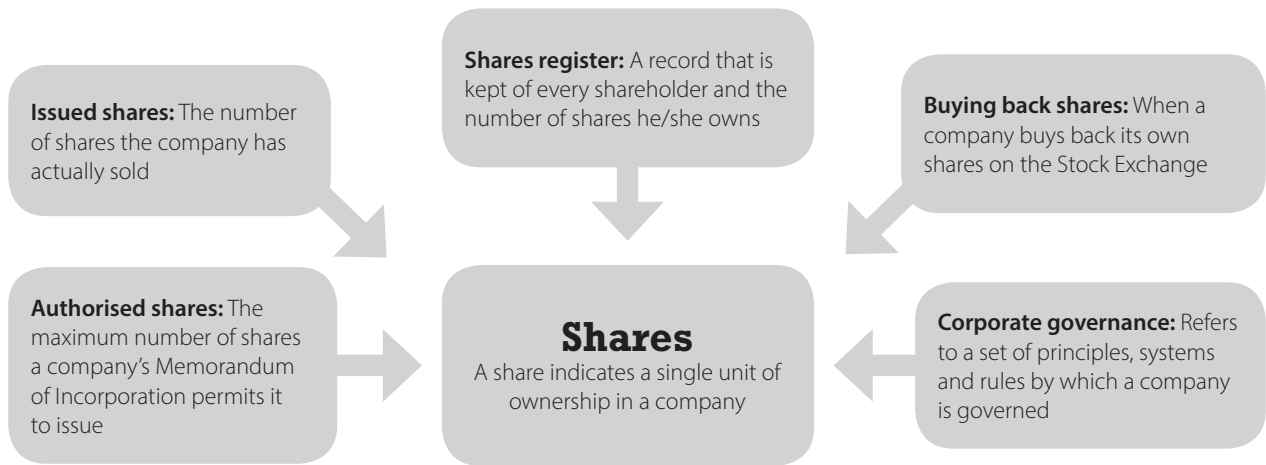
www.cambridge.org

Revision 1

Companies: Concepts, ledger accounts and the accounting equation

1. Important concepts relating to companies





Income tax: A tax that is levied by the government on the income of a company	Provisional income tax: A system that allows companies to provide for their final tax liability by paying at least two instalments during the year of assessment
Tax return form: Has to be completed in order to file income taxes with SARS every year	Tax assessment form: A form that SARS sends to the company to state the amount of income tax that is due
Dividends: The part of the profit that is paid out to shareholders	Interim dividends: Dividends paid to shareholders during the financial year
Final dividends: Dividends declared at the end of the financial year	Total dividends: The total amount of dividends for the financial period that is closed off to the <i>Appropriation</i> account

2. Comparing the differences between the two types of companies

Public company	Private company
One person may incorporate a public company.	One person may incorporate a private company.
The company name ends in 'Limited', abbreviated to Ltd.	The company name ends in 'Proprietary Limited', abbreviated to (Pty) Ltd.
The minimum number of directors is three.	The minimum number of directors is one.
The public is invited to buy shares.	The public is NOT invited to buy shares.
Shares can be transferred freely.	Shares can only be transferred after approval by the board.
Public companies must appoint an auditor, audit committee and company secretary.	Private companies appoint an audit committee only to the extent provided for in the MOI.
All public companies must have audited financial statements that should be presented to shareholders at the AGM within six months after the financial year-end.	Private companies only need to be audited if: <ul style="list-style-type: none"> • they have assets exceeding a value of R5 million • their public interest score exceeds 750 points • their public interest score is between 300 and 750 and the financial statements were internally compiled.
Public companies must appoint a social and ethics committee.	Private companies only need to appoint a social and ethics committee if their public interest score exceeds 750 points.
Public companies raise capital by issuing shares to the public.	Private companies raise capital by issuing shares to the owners.