**Task 1**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **cost** | **impact** | **profit** | **contingencies** |
|  |  |  |  |
| inflation | increase cost | decrease | 7% covering inflation |
|  |  |  |  |
| taxes | decrease cost | increase | 5% donations |
|  |  |  |  |
| interest rates | increase | decrease | 5%covering interest rates |
|  |  |  |  |
| load shedding | increase | decrease | purchase generator |
|  |  |  |  |
| petrol prices | increase | decrease | 10% purchase of petrol |
|  |  |  |  |
| resources | decrease | increase | Alternative resources, supplier and labour. |

**Income and expenditure statement for 28 February 2019**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| sales |  | 527152,00 |
| other income |  | 124700,00 |
| rent income | 100000,00 |  |
| creditors allowance | 17250,00 |  |
| discount received | 860,00 |  |
| Interest on fixed assets | 6890,00 |  |
| total income |  | 651852,00 |
| expenses |  | 548352,00 |
| purchases | 350000,00 |  |
| discount allowed | 6540,00 |  |
| bad debts | 8155,00 |  |
| sundry expenses | 33660,00 |  |
| customs duty | 99000,00 |  |
| salaries | 15500,00 |  |
| stationery | 20000,00 |  |
| interest on loan | 1990,00 |  |
| carriage on purchases | 3057,00 |  |
| packing material | 1050,00 |  |
| net profit/loss of the year |  | 103500,00 |

**Invoice**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | |  |
|  |  |  | ss traders |  |  | | 737734329 |
| vat reg no:20145 | |  |  |  |  | |  |
|  |  |  |  |  |  | | 586 |
|  |  |  | tax invoice | |  | |  |
|  |  |  |  |  |  | |  |
| To: | SB company | |  |  |  | |  |
|  | 75 jules street | |  |  |  | |  |
|  | 2094 marlven | |  |  |  | |  |
|  |  |  |  |  |  |
| Terms | 7,5% dicount within 30days | | |  |  | |  |
|  | 10 trade discount | |  |  |  | |  |
|  |  |  |  |  |  | |  |
| **quantity** | **description** | |  | **unit price** |  | | **amount** |
| 10 | speakers |  |  | 11 838,80 |  | | 118 388,00 |
| 8 | laptop |  |  | 587,1 |  | | 4 696,80 |
| 6 | plugs |  |  | 9 043,50 |  | | 54 261,00 |
|  |  |  |  |  | subtotal | | 177 345,80 |
|  |  |  |  |  | 10%discount | | 17 734,58 |
|  |  |  |  |  |  | | 159 611,22 |
|  |  |  |  |  | 14%vat | | 22 345,58 |
|  |  |  |  |  | total | | 181 956,80 |

**Task 2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **direct cost** | **indirect cost** | | **fixed cost** | | **variable cost** | |  |
|  |  | |  | |  | |  |
| salaries | purchases | | interest on loan | | discount allowed | |  |
|  | carriage on purchases | |  | | bad debts | |  |
|  | packing material | |  | | sundry expenses | |  |
|  |  | |  | | customs duty | |  |
|  |  | |  | | stationery | |  |
|  |  | |  | |  | |  |
| **Types of budget** | |  | |  | |  | |
| Top budgeting involves the senior management team developing a high level for the company allocated to departments. | | | | | | | |
|  |  |  | |  | |  | |
| Bottom budgeting manufacture production in departments with their budget waiting for approval. | | | | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Budget** |  |  |  |  |
|  |  |  |  |  |
| **Expenses** | **Budget** | **Actual** | **Variance R** | **Variance%** |
|  |  |  |  |  |
| salaries | R150 000 | R99 000 | R51 000 | 34% |
| Purchases | R420 000 | R350 000 | R70 000 | 16,66% |
| carriage purchases | R2 500 | R1 990 | R510 | 20,40% |
| packing material | R1 500 | R1 050 | R450 | 30% |
| bad debts | R10 000 | R8 155 | R1845 | 18,45% |
| sundry expenses | R35 000 | R33 660 | R1 340 | 3,82% |
| customs duty | R11 000 | R10 400 | R600 | 5,45% |
| stationery | R15 000 | R14 500 | R500 | 3,33% |

**GANTT CHART**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DEILVERABLES** | **DURATION** | **Week** | **1** | **2** | **3** | **4** | **5** | **6** | **7** |
|  |  |  |  |  |  |  |  |  |  |
| **SPONSORS** | 1 MONTH |  |  |  |  |  |  |  |  |
| **SITE** | 2WEEKS |  |  |  |  |  |  |  |  |
| **MARKETING** | 2WEEKS |  |  |  |  |  |  |  |  |
| **SECURITY** | 1WEEK |  |  |  |  |  |  |  |  |
| **TRANSPORT** | 3DAYS |  |  |  |  |  |  |  |  |

**Task 3.1**

**DESCRIPTION OF FINANCIAL REPORTS.**

* BALANCE SHEET: show the company’s financial conditions on the specific period of time/date. All other financial statements report the events occurring over a period of time. Usually a year or a quarter. The balance sheet discloses assets and liabilities as of the one specified .The balance sheet is presented to stakeholders and investors.
* INCOME AND EXPENDITURE STATEMENT: is the report of the company sales, expenses and mostly important the profit or loss for a certain period of time. Is one of three major financial statements that small companies prepare to report on their financial performances, along with balance sheet and cash flow statement. It’s reported to managers and investors to show how the business made profit or loss during the accounting period. Expenses are listed on the company’s income statement.
* CASH FLOW STATEMENT: it’s a financial statement that shows how changes in balance sheet accounts and income statement affect cash and cash equivalent. Also breaks the analysis down to operating investing and financing activities. Is to present cash inflow and outflow for the reporting period to reader of the report. These inflows and outflows are further classified into operating investing and financing activities.

**Conventions of financial management with examples.**

**Consistency**

* **Description**

The concept of consistency means that accounting methods once adopted must be applied consistently in future. Also same methods and techniques must be used to similar situation.

* **Example:** It’s a tuck shop dealing with brad, it use FIFO method on stock valuation in respect of bread.

**Going concern**

* **Description:** It implies the business entity will continues its operations in the future and will not be closed, or forced to discontinue due to any reason.
* **Example:** The computation of depreciation on the basis of the expected economic life of fixed assets. Rather than their current market values.

**Prudence**

* **Description:** The concept advises that the final account of the company must always show caution while reporting any figures specifically impacting the income and expenses.
* **Example:** The provision of bad debt is reported in the receivables section of current assets and is deducted from the final figure of debtors and receivables. The provision does not show the debtors that have a resulted as bad debts rather it shows the debtors that may end up as bad debts based on their trading history with company.

**Realisation**

* **Description:** is the concept of income earned after services
* **Example:** receive amount of R2500 after fixing stove for KFC

**Prudence**

* **Description:** This principle guides that the profit should be realized when the goods are transferred to the layer. According to this concept revenue should be recognized when goods are sold or services are rendered. Whether cash has been received or not.
* **Example**: If bread is sold for R20 to Mr V, the later agrees on the proposal that goods would be transferred after 15 minutes.

**Disclosure**

* **Description:** Is the accounting principles that requires an entity to disclosure on necessary information in it is financial statements and other related signification. This is to ensure that the uses of financial information are not mislead by the lack of information.
* **Example:** The Company might lose large contract with its customers to its competitors. And subsequently loss of contract could turn the entity in to bankruptcy.

**Task 3.2**

**Income and expenditure statement for 28 February 2019**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | | | |
| sales |  | 527152,00 | | | | |
| other income |  | 124700,00 | | | | |
| rent income | 100000,00 |  | | | | |
| creditors allowance | 17250,00 |  | | | | |
| discount received | 860,00 |  | | | | |
| Interest on fixed assets | 6890,00 |  | | | | |
| total income |  | 651852,00 | | | | |
| expenses |  | 548352,00 | | | | |
| purchases | 350000,00 |  | | | | |
| discount allowed | 6540,00 |  | | | | |
| bad debts | 8155,00 |  | | | | |
| sundry expenses | 33660,00 |  | | | | |
| customs duty | 99000,00 |  | | | | |
| salaries | 15500,00 |  | | | | |
| stationery | 20000,00 |  | | | | |
| interest on loan | 1990,00 |  | | | | |
| carriage on purchases | 3057,00 |  | | | | |
| packing material | 1050,00 |  | | | | |
| net profit/loss of the year |  | 103500,00 | | | | |
| **cash flow statement of 21 august 2019** | | | | |  | |
| **cash flow from operating activities** | | | | |  | |
| cash receipts | | | | | 15 500 | |
| cash paid to suppliers and employees | | | | | 4 200 | |
| cash generated from operations | | | | | 11 300 | |
|  | | | | |  | |
| **net cash flow from operating activities** | | | | | 11 300 | |
|  | | | | |  | |
| **cash flow from investment activities** | | | | |  | |
| addition to equipment’s | | | | | 12 000 | |
| net cash flow from investing activities | | | | | 12 000 | |
|  | | | | |  | |
| **cash flow from financing activities** | | | | |  | |
| proceeds from capital contributed | | | | | 15 000 | |
| drawings | | | | | 500,00 | |
| proceed from loan | | | | | 5 000 | |
| payment of loan | | | | | 4 000 | |
| **net cash flow from financing activities** | | | | | 15 500 | |
|  | | | | |  | |
| **net increase/ decrease in cash** | | | | | 14 800 | |
| **cash as the begging of the period** | | | | |  | |
| **cash at the end of the period** | | | | | 14 800 | |
| **BALNCE SHEET ACCOUNT SECTIONS** | | | **DR** | **CR** | |
|  | | |  |  | |
| Capital | | |  | 500 000 | |
| Drawings | | | 12 500 |  | |
| Equipment | | | 230 000 |  | |
| Vehicles | | | 450 000 |  | |
| Accumulated depreciation on equipment | | |  | 43 200 | |
| Accumulated depreciation on vehicles | | |  | 31 800 | |
| Fixed deposit | | | 75 000 |  | |
| loan | | |  | 125 000 | |
| Creditors | | |  | 27 800 | |
| Debtors | | | 32 700 |  | |
| stock | | | 65 800 |  | |
| Bank | | |  | 36 700 | |
| Cash float | | | 2 000 |  | |
|  | | |  |  | |
| **NOMINAL ACCOUNTS SECTIONS** | | |  |  | |
|  | | |  |  | |
| Sales | | |  | 527 152 | |
| Purchases | | | 350 000 |  | |
| Creditors allowance | | |  | 17 250 | |
| Rent income | | |  | 100 000 | |
| Discount allowed | | | 6 540 |  | |
| Discount received | | |  | 560 | |
| Bad debts | | | 8 155 |  | |
| Interest on fixed deposit | | |  | 6890 | |
| Sundry expenses | | | 33 660 |  | |
| Customs duty | | | 10 400 |  | |
| Salaries | | | 99 000 |  | |
| Stationery | | | 14 500 |  | |
| Interest on loan | | | 20 000 |  | |
| Carriage paid on purchases | | | 1 990 |  | |
| Carriage paid on sales | | | 3 057 |  | |
| Packing material | | | 1 050 |  | |

* The income statement shows the positive amount, that means a company have made profit
* The total income is more than the total expenses
* The balance sheet is balanced shows that book keeping is up to date
* The debtors schedule shows how debtors are charged interest according to the days they pay after the transaction
* Cash flow statement shows the total amounts of cash in the business which is inflow or outflow
* The company reduce cost to make profit

**Task 4**

1. No

2. To donate money to the community to build a library in their community to help them have access to the knowledge needed. A library it supposed to be in a location where everyone has an access too, they are a key to success to build a bright future for everyone.

To expand the MTN footprint in the area which means to put money in a project which is already in progress, they just want to upgrade the systems. The project will only benefit the selected individuals, since the mayor giving the bribe of R500 000 to involve the influenced people to the project to get it going.

3. Ethical values to make decisions

Honestly I will be honest with the Mayor that I will be not involved in her project since I am involved the project of building the library to the community, as the way of giving back to the community that I grew up on.