



education

Department of
Education
FREE STATE PROVINCE

GRADE 12

ACCOUNTING

PROJECT – TERM 2

MARKS: 100

TIME: 2 HOURS

EXAMINER: TELLO MOTLOUNG

MODERATOR: ANDREWS L.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. This is an **open book** task. Learners may bring resources such as textbooks, previous exam papers to complete this task. **Cell phones are NOT allowed.**
2. Answer ALL questions.
3. A special ANSWER BOOK is provided in which to answer ALL questions.
4. Refer to SASOL LTD published financial statements attached at the end of this question paper to answer ALL questions.
5. Show ALL workings to earn part-marks.
6. You may use a non-programmable calculator.
7. You may use a dark pencil or blue/black ink to answer questions.
8. Where applicable, show ALL calculations to ONE decimal point.
9. Write neatly and legibly.

SECTION A: CONCEPTS, AUDIT REPORT AND DIRECTORS' REPORT

A1 Choose a concept from COLUMN B that matches the description in COLUMN A. Write only the letter (A–F) next to the question numbers (A1.1 to A1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
A1.1	The benefit that shareholders receive for investing in a company.	A	Separation of ownership from control
A1.2	When shareholders do not have a direct influence over management decisions.	B	Gearing
A1.3	The extent to which a company is financed by borrowed capital (loans).	C	External Auditor
A1.4	The ability of a business to settle all its debts using existing assets.	D	Internal Auditor
A1.5	A company employee who is independently and objectively involved in the business operations.	E	solvency
		F	return on equity

(5 x 1) (5)

A2 You are provided with information relating to published financial statements of SASOL LIMITED for the financial year ended 30 June 2023.

- A2.1 To whom is the Audit report addressed and why? (4)
- A2.2 Why are the external auditors referred to as “independent” auditors? (2)
- A2.3 State TWO consequences for the independent auditors should they be found negligent of their duties. (4)
- A2.4 State the type of an audit opinion SASOL LTD received. (2)
- Should shareholders be happy with this type of report? State ONE point (3)
- A2.5 Provide TWO examples of the audit evidence that independent auditors may have obtained to provide a basis for their opinion. (4)
- A2.6 Who were the independent auditors of Sasol SA limited for the financial year ended 30 June 2023? (1)
- A.2.7 Why do they find it necessary to mention that the directors are responsible for “other information”? Provide ONE point. (2)
- A.2.8 Why is it important for directors of companies to always adopt an approach of good corporate governance? State TWO points. (4)
- A2.9 State TWO main business focus of Sasol South Africa Limited. (4)

SECTION B: ANALYSIS AND INTERPRETATION OF THE FINANCIAL STATEMENTS

NB: SASOL LTD had 634 336 265 shares in issue at the end of their financial year.

- B1 Calculate the following financial indicators on 30 June 2023:
- % Operating profit on sale / Turnover (4)
 - % Earnings (Profit) after tax on sales (4)
 - Acid – Test Ratio (4)
 - Current Ratio (3)
 - Net Asset Value Per Share (3)
 - Percentage Return on Shareholders' Equity (5)
 - Solvency ratio (4)
 - Debt : Equity Ratio (3)
- B2 State ONE purpose for the Statement of Comprehensive Income (2)
- B3 Calculate the % change in earnings for the year for 2023. (3)
- Should the shareholders be happy with this change in earnings for the year? State ONE point, with figure(s) to support your answer. (3)
- B4 Earnings before interest and tax declined. Quote TWO aspects, with figures, that have contributed to the decline. (4)
- B5 One shareholder raised a concern in the AGM regarding basic earnings per share for 2023. Quote ONE point, with figures, to justify his concern. (2)
- B6 Maintenance expenditure increased from R13 322 000 to R15 076 000. Explain why this is not concerning to shareholders. State TWO points. (4)
- B7 The debt – equity ratio remains constant compared to the previous years. Shareholders expressed their wish to see the ratio decreasing in future.
- What does a decrease in debt – equity ratio indicate? State ONE point. (2)
- B8 SASOL Limited announced that the Board has appointed Stephen Westwell, currently a non-executive and the lead independent director, as an interim Chairman of the Board, with effect from 11 November 2023.
- State THREE responsibilities of the Chairman of the Board. (6)
- Name the Chief Financial Officer (CFO) of SASOL. (2)
- B9 The Market Price on JSE for SASOL is R167.35 per share. Explain whether the shareholders should be satisfied or not with their share price at the end of the financial year. Quote figures to support your answer. (3)
- B10 SASOL's financial results for the year ended 30 June 2023 continued to be impacted by the volatile global economic landscape.
- Mention TWO aspects that contributed to this negative impact. (4)



Directors' report

The directors have pleasure in presenting their report for the year ended 30 June 2023.

Nature of business

The main business of the company is focused on integrated Petro-chemicals, energy and all such other things as may be considered to be incidental or conducive to the attainment and support of the main business. The principal activities of the company have remained unchanged during the year.

Share capital.

The authorised and issued share capital of the company remained unchanged during the year.

Auditor

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol South Africa Limited and its significant subsidiaries for the financial year ended 30 June 2023.

Independent auditor's report

To the Shareholders of Sasol South Africa Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol South Africa Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol South Africa Limited's consolidated and separate financial statements set out on pages 10 to 72 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol South Africa Limited Annual Financial Statements 30 June 2023", which includes the Report of the Sasol Group Audit Committee, the Directors' Report and the Certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers Inc.

Director: E.P.V. Bergh

Registered Auditor

Johannesburg, South Africa,

16 November 2023

SUMMARISED ANNUAL FINANCIAL STATEMENTS**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023**

	2023 (R)	2022 (R) *Restated
Turnover	289 696 000	272 746 000
Materials, energy on consumables used	(152 297 000)	(123 999 000)
Selling and distribution costs	(10 470 000)	(8 677 000)
Maintenance expenditure	(15 076 000)	(13 322 000)
Employee related expenditure	(33 544 000)	(32 455 000)
Depreciation and amortisation	(16 491 000)	(14 073 000)
Other expenses	(9 023 000)	(31 834 000)
Equity accounted profits, net of tax	2 623 000	3 128 000
Operating profit before tax remeasurement	55 418 000	51 514 000
Remeasurement items affecting operating profit	(33 898 000)	(9 903 000)
Earnings before interest and tax (EBIT)	21 520 000	61 417 000
Finance income	2 253 000	1 020 000
Finance costs	(9 259 000)	(6 896 000)
Earnings before tax	14 514 000	55 541 000
Taxation	(5 181 000)	(13 869 000)
Earnings for the year	9 333 000	41 672 000
Attributable to		
Owners of Sasol Limited	8 799 000	38 956 000
Non-controlling interests in subsidiaries	534 000	2 716 000
	9 333 000	41 672 000
	Rand	Rand
Per Share Information		
Basic earnings per share	14,00	62,34
Diluted earnings per share	13,02	61,36

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	2023 (R)	2022 (R)
ASSETS		
Property, plant, and equipment	225 472 000	221 308 000
Right of use assets	11 685 000	12 629 000
Goodwill and other intangible assets	3 191 000	3 051 000
Equity accounted investments	14 804 000	12 684 000
Other long – term investments	2 164 000	2 024 000
Post – retirement benefit assets	784 000	633 000
Long – term receivables and prepaid expenses	3 040 000	3 210 000
Long – term financial assets	453 000	555 000
Deferred tax assets	37 716 000	31 198 000
Non – current assets	299 309 000	287 292 000
Inventories	42 205 000	41 110 000
Tax receivable	411 000	732 000
Trade and other receivables	35 905 000	46 671 000
Short – term financial assets	1 772 000	313 000
Cash and cash equivalents	53 926 000	43 140 000
Current assets	134 219 000	131 966 000
Assets in disposal groups held for sale	310 000	290 000
Total assets	433 838 000	419 548 000
Equity and Liabilities		
Shareholders' equity	196 904 000	188 623 000
Non – controlling interests	4 620 000	4 574 000
Total equity	201 524 000	193 197 000
Long – term debt	94 304 000	82 500 000
Lease liabilities	14 382 000	14 266 000
Long – term provisions	15 531 000	16 550 000
Post – retirement benefit obligations	11 343 000	10 063
Long – term deferred income	465 000	372 000
Long – term financial liabilities	2 235 000	276 000
Deferred tax liabilities	5 294 000	10 549 000
Non – current liabilities	143 554 000	134 576 000
Short – term debt	31 758 000	24 184 000
Short – term provisions	4 319 000	3 144 000
Tax payable	1 876 000	3 142 000
Trade and other payables	48 518 000	53 555 000
Short – term deferred income	966 000	724 000
Short – term financial liabilities	1 162 000	6 851 000
Bank overdraft	159 000	173 000
Current liabilities	88 758 000	91 773 000
Liabilities in disposal groups held for sale	2 000	2 000
Total Equity and Liabilities	433 838 000	419 548 000

SALIENT FEATURES FOR THE YEAR ENDED 30 JUNE 2023

Financial results

Sasol's financial results for the year ended 30 June 2023 continued to be impacted by the volatile global economic landscape, including fluctuating oil prices, weaker chemical prices, depressed demand, and heightened inflation. In South Africa, the underperformance of state-owned enterprises and socio-economic issues continue to pose challenges to our business, negatively impacting our volumes and resultant profitability.

Despite benefitting from the elevated Brent crude oil price and a weaker rand/US\$ exchange rate, our profitability for the year was constrained. Challenges in our South African mining operations and reduced margins in our American and Eurasian segments, driven by unfavourable market conditions, impacted our financial results.