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| **QUESTION 4:** | **CASH FLOW AND INTERPRETATION OF FINANCIAL STATEMENTS**  **(100 marks; 60 minutes)** |

You are provided with information relating to Fouche Limited, a company listed on the JSE.

**REQUIRED**:

|  |  |  |  |
| --- | --- | --- | --- |
| 4.1 | Use the information provided to prepare: | |  |
|  |  | |  |
|  | 4.1.1 | Cash Flow Statement for the year ended 30 April 2024. Where notes are not required, show workings in brackets. | (30) |
|  |  |  |  |
|  | 4.1.2 | Note for Cash generated from operations. | (12) |
|  |  | |  |
|  |  | |  |

**FOUCHE LIMITED**

**BALANCE SHEET ON 30 APRIL 2024**

|  |  |  |
| --- | --- | --- |
|  | **2024** | **2023** |
| **ASSETS** |  |  |
| **Non-current assets** | 2 237 500 | 1 714 400 |
| Fixed assets | 1 917 500 | 1 514 400 |
| Financial assets | 320 000 | 200 000 |
|  |  |  |
| **Current assets** | 854 300 | 999 600 |
| Inventories | 575 000 | 650 000 |
| Trade & other receivables | 269 000 | 233 000 |
| SARS – Income Tax | 7 300 | 11 600 |
| Cash & cash equivalents | 3 000 | 105 000 |
| **TOTAL ASSETS** | **3 091 800** | **2 714 000** |
|  |  |  |
| **EQUITY & LIABILITIES** |  |  |
|  |  |  |
| **Shareholders' equity** | 1 564 800 | 1 286 000 |
| Share capital  (See information 5 below) | 1 344 000 | 960 000 |
| Retained income | 220 800 | 326 000 |
|  |  |  |
| **Non-current liabilities** | 740 000 | 800 000 |
| Mortgage loan from Buzi Bank | 740 000 | 800 000 |
|  |  |  |
| **Current liabilities** | 787 000 | 628 000 |
| Trade & other payables | 370 000 | 400 000 |
| Accrued expense | 2 000 | 4 000 |
| Shareholders for dividends | 273 000 | 224 000 |
| Bank overdraft | 142 000 |  |
| **TOTAL EQUITY & LIABILITIES** | **3 091 800** | **2 714 000** |

**ADDITIONAL INFORMATION:**

|  |  |
| --- | --- |
| 1. | The Income Statement for 2024 reflects the following: |
|  |  |
|  | * Sales, R3 500 000 |
|  |  |
|  | * Cost of sales, R2 200 000 |
|  |  |
|  | * Interest expense, R104 000 (all interest due has been paid) |
|  |  |
|  | * Depreciation, R207 300 |
|  |  |
|  | * Income tax, R151 200 |
|  |  |
|  | * Net income after tax, R388 800 |
|  |  |
|  |  |
| 2. | Unused fixed assets were sold at book value during the year for R145 000. |
|  |  |
| 3. | Interim dividends paid on 1 October 2023 were 8 cents per share. Final  dividends declared on 30 April 2024 were 13 cents per share. |
|  |  |
| 4. | Details of Share capital are:   |  |  | | --- | --- | | 1 600 000 shares in issue on 1 May 2023 | R960 000 | | 800 000 shares issued on 1 November 2023 | R576 000 | | 300 000 shares repurchased on 28 February 2024 at  ? cents each | ? | |

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| **100** |

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| **QUESTION 4:** |  |

4.1

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| **4.1.1 FOUCHE LIMITED** | |
| **CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2024** | |
|  |  |
| **Cash effects of operating activities** |  |
| **Cash generated from operations** |  |
| **Interest paid** |  |
|  |  |
|  |  |
|  |  |
| **Cash effects of investing activities** |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Cash effects of financing activities** |  |
|  |  |
|  |  |
|  |  |
| **Net change in cash equivalents** |  |
| **Cash equivalents – beginning of year** |  |
| **Cash equivalents – end of year** |  |

|  |
| --- |
|  |
| **30** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **4.1.2** | **NOTE FOR CASH GENERATED FROM OPERATIONS**   |  |  | | --- | --- | |  |  | | **Depreciation** | **207 300** | |  | 104 000✓ | |  | 851 300 | |  | 7 000🗹 | |  | 75 000✓✓ | |  | (36 000) ✓✓ | |  | (32 000) ✓ | |  | 858 300🗹 | | |  | | --- | |  | | **12** | |