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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. Finaldividends 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🗹 |

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|  |
| **12** |

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