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| **QUESTION 4:** |  |

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| **4.1.1 FOUCHE LIMITED** |
|  **CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014** |
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| **Cash effects of operating activities**  | 255 400🗹 |
| **Cash generated from operations**  | 858 300🗹 |
| **Interest paid**  | (104 000) ✓ |
| Dividends paid (224 000 ✓+ 128 000 ✓✓)  (401 000) ✓ (224 000) ✓ 273 000 ✓ (Mark line)  | (352 000) 🗹 |
| Income tax paid (151 200 ✓) 11 600 ✓ (7 300 ✓) | (146 900) 🗹 |
|  |  |
| **Cash effects of investing activities** | (730 400) 🗹 |
| Purchase of fixed assets [1 917 500 ✓+ 207 300 ✓+145 000 ✓– 1 514 400✓) | (755 400) 🗹 |
| Proceeds / disposal / sale of fixed assets  | 145 000✓✓ |
| Fixed deposit | (120 000) ✓✓ |
|  |  |
| **Cash effects of financing activities** | 231 000🗹 |
| Proceeds of shares issued | 576 000✓ |
| Repurchase of shares (192 000 + 93 000) | (285 000) ✓✓ |
| Repayment of long-term loans | (60 000) ✓✓ |
| **Net change in cash equivalents**  | (244 000)🗹 |
| **Cash equivalents – beginning of year**  | 105 000 |
| **Cash equivalents – end of year** | (139 000) ✓🗹 |

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| **4.1.2** | **NOTE FOR CASH GENERATED FROM OPERATIONS**

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| Net profit before taxation (388 800 + 151 200) | 540 000✓✓ |
| **Depreciation** | **207 300** |
| Interest expense | 104 000✓ |
| Operating profit before changes in working capital | 851 300 |
| Cash effects of changes in working capital | 7 000🗹 |
| Decrease in inventory (650 000 – 575 000) | 75 000✓✓ |
| Increase in receivables (269 000 – 233 000) | (36 000) ✓✓ |
| Decrease in payables (404 000 ✓– 372 000✓) (400 000 + 4000) – (370 000 + 2 000) | (32 000) ✓ |
| Cash generated from operations | 858 300🗹 |

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| 1 600 000 | Shares beginning | 960 000 |
| 800 000 | Shares issued at 72 cents | 576 000 |
| (300 000) | Shares repurchased at | ? |
| 2 100 000 | Shares end | 1 344 000 |

Shares repurchased: 1 344 000 – 576 000 – 960 000 = 192 000

**Retained income**

|  |  |
| --- | --- |
| Balance beginning | 326 000 |
| NP after tax | 388 800 |
| 300 000 shares repurchased at | ? |
| Dividends | (401 000) |
| Paid (0,08 x 1 600 000) | 128 000 |
| Declared | 273 000 |
| Balance end | 220 800 |

Shares repurchased: 220 800 + 401 000 – 388 800 – 326 000 = 93 000