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| **QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS**  **25 marks; 20 minutes** |

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| You are provided with information about Okiep Limited for the past two financial years ended 30 June. The company is situated in the Northern Cape and trades in bicycles. | | |
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| **REQUIRED:** | | |  |
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| 2.1 | Calculate the following for 2025: | |  |
|  | 2.1.1  2.1.2 | Interim dividend per share  % return on shareholders' equity | (4)  (4) |
|  |  |  |  |
| 2.2 | Calculate the following figures that will appear in the 2025 Cash Flow Statement: | |  |
|  | 2.2.1  2.2.2 | Income tax paid  Fixed assets sold (at carrying value) | (4)  (5) |
|  |  |  |  |
| 2.3 | Dividends and majority shareholding | |  |
|  |  |  |  |
|  | 2.3.1 | Calculate total dividends earned by Hanna Cloete for the 2025 financial year. Her shareholding is:   |  |  |  | | --- | --- | --- | |  | **SHARES PURCHASED** | **PURCHASE PRICE** | | 31 August 2023 | 570 000 shares | R7,00 | | 1 January 2025 | 165 000 shares | R20,00 | | **TOTAL** | 735 000 shares |  | | (5) |
|  |  |  |  |
|  | 2.3.2 | On 1 January 2025 each shareholder was offered two shares for every five shares owned. Hanna did not buy enough shares to become the majority shareholder.  Calculate the minimum number of additional shares that Hanna should have bought to become the majority shareholder. | (3) |

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| **INFORMATION FOR THE YEAR ENDED 30 JUNE:** | | | |  |
| **A.** | **FIGURES IDENTIFIED FROM STATEMENT OF COMPREHENSIVE INCOME:** | | |  |
|  |  | **2025** | **2024** |  |
|  | Sales | R19 773 000 | R11 610 000 |  |
|  | Cost of sales | 12 495 000 | 6 750 000 |  |
|  | Gross profit | 7 278 000 | 4 860 000 |  |
|  | Operating expenses | 2 850 000 | 2 250 000 |  |
|  | Depreciation | 618 000 | 412 500 |  |
|  | Income tax | 1 228 500 | 666 000 |  |
|  | Net profit after tax | 2 866 500 | 1 554 000 |  |
|  |  |  |  |  |
| **B.** | **EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION ON 30 JUNE:** | | |  |
|  |  | **2025** | **2024** |  |
|  | Fixed assets (carrying value) | R18 231 000 | R12 046 500 |  |
|  | Investments | 937 500 | 900 000 |  |
|  | Current assets | 3 640 500 | 3 135 000 |  |
|  | Inventories | 2 478 000 | 1 875 000 |  |
|  | Trade and other receivables | 547 500 | 1 230 000 |  |
|  | SARS: Income tax | 0 | 22 500 |  |
|  | Cash and cash equivalents | 615 000 | 7 500 |  |
|  | Shareholders' equity | 18 168 000 | 10 786 500 |  |
|  | Non-current liabilities (Loan) | 2 775 000 | 3 900 000 |  |
|  | Current liabilities | 1 866 000 | 1 395 000 |  |
|  | Trade and other payables | 630 000 | 772 500 |  |
|  | Shareholders for dividends | 1 125 000 | 420 000 |  |
|  | SARS: Income tax | 111 000 | 0 |  |
|  | Bank overdraft | 0 | 202 500 |  |

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| **C** | **SHARES AND DIVIDENDS** | | |  |
|  |  | | |  |
|  | * On 1 July 2024 there were 1 200 000 shares in issue. * On 31 December 2024 interim dividends were paid. * On 1 January 2025, 300 000 shares were issued to existing shareholders. * On 30 June 2025 final dividends of 75 cents per share were declared on all shares, but have not yet been paid. | | |  |
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| **D.** | **CASH FLOW STATEMENT:** |  |  |  |
|  |  | **2025** | **2024** |  |
|  | **Cash flows from operating activities** | **R2 775 000** | **R1 569 000** |  |
|  | Cash generated from operations | 4 983 000 | 2 983 500 |  |
|  | Interest paid | **?** | (390 000) |  |
|  | Dividends paid | (780 000) | (381 000) |  |
|  | Income tax paid | **?** | (643 500) |  |
|  |  |  |  |  |
|  | **Cash flows from investing activities** | **(6 840 000)** | **(250 500)** |  |
|  | Purchases of land and buildings | (7 260 000) | 0 |  |
|  | Sale of fixed assets | **?** | 574 500 |  |
|  | Change in investments | **?** | (825 000) |  |
|  |  |  |  |  |
|  | **Cash flows from financing activities** | **4 875 000** | **(600 000)** |  |
|  | Share capital issued | 6 000 000 | 0 |  |
|  | Shares repurchased | 0 | (1 500 000) |  |
|  | Change in non-current liabilities | (1 125 000) | 900 000 |  |
|  |  |  |  |  |
|  | Cash and cash equivalents: Net change | 810 000 | 718 500 |  |
|  | Opening balance | (195 000) | (913 500) |  |
|  | Closing balance | 615 000 | (195 000) |  |
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|  |  |  |  | **25** |

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| **QUESTION 4: FIXED ASSETS 20 marks; 15 minutes** | | | |
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| You are provided with the following information relating to Master Wholesalers for the financial year ended 30 June 2025. Refer to the fixed asset note on the answer book. | | |  |
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| **REQUIRED:** | | |  |
|  |  |  |  |
| Prepare the Fixed asset note to the financial statements of Master Wholesalers on 30 June 2025. **Show all calculations.** | | |  |
|  |  |  |  |
| **INFORMATION:** | | |  |
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| a) | New equipment was bought for R55 000 on 31 December 2024. | |  |
|  |  | |  |
| b) | Depreciation on equipment is calculated according to the straight-line method at 10% on cost price. | |  |
|  |  | |  |
| c) | A vehicle was sold for cash at carrying value on 31 March 2025. The transaction was correctly recorded. The details of the asset sold from the Fixed Asset Register were as follows:   * Cost price, R165 000 * Accumulated depreciation on 1 July 2024, R66 000. * Depreciation on vehicles is calculated at 20% p.a. on the diminishing-balance method. | |  |
|  |  | | **20** |

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| **QUESTION 2** | | | |
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| **2.1** | **CALCULATION OF FINANCIAL INDICATORS FOR 2025.** | |  |
|  |  | |  |
| **2.1.1** | **Calculate: interim dividend per share** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **4** | |
| **2.1.2** | **Calculate: % return on shareholders' equity** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **4** | |
|  |  |  |  |
| **2.2** | **FIGURES FOR 2025 THE CASH FLOW STATEMENT** | |  |
|  |  | |  |
| **2.2.1** | **Calculate: Income tax paid** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **4** | |
| **2.2.2** | **Calculate: Fixed assets sold (at carrying value)** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **5** | |
|  |  |  |  |
| **2.3** | **DIVIDENDS AND SHAREHOLDING** | |  |
|  |  | |  |
| **2.3.1** | **Calculate total dividends earned by Hanna Cloete for the 2025 financial year.** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **5** | |
|  |  | |  |
| **2.3.2** | **Calculate the minimum number of additional shares that Hanna should have bought to become the majority shareholder.** | |  |
|  | |  |  | | --- | --- | | **Workings** | **Answer** | |  |  | | | |  | | --- | |  | | **3** | |

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| **QUESTION 4:** | |  |
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|  | |  |  |  | | --- | --- | --- | |  | **Vehicles** | **Equipment** | | **Carrying value at the beginning of the year**  **yearyear** | **519 200** | **220 000** | | **Cost** | **814 000** | **561 000** | | **Accumulated depreciation** |  | **(341 000)** | |  |  |  | | **Additions** |  |  | |  |  |  | | **Depreciation for the year** | **(98 890)** |  | |  |  |  | | **Cost** |  | **616 000** | | **Accumulated depreciation** |  |  | |  |