**QUESTION 5: CASH FLOW STATEMENT, ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS (73 marks; 50 minutes)**

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| You are provided with information for the financial year ended 28 February 2014 taken from the books of RGW Ltd, a public company listed on the Johannesburg Securities Exchange (JSE). |

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| 5.1 | Refer to the Fixed Asset Note and Information D.  Prepare the Asset Disposal Account on 28 February 2014. | (8) |
|  |  |  |
| 5.2 | Complete the Fixed Asset Note. | (16) |

B **Extract from the Balance Sheet on 28 February**

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| --- | --- | --- | --- |
|  | | **2014** | **2013** |
| **Fixed Assets (carrying value)** | | ? | ? |
| Land & buildings (cost) | | 3 315 000 | 2 000 000 |
| Vehicles (cost) | | 2 100 000 | ? |
| Equipment (cost) | | 810 000 | 800 000 |
| Accumulated depreciation on vehicles | | ? | 720 000 |
| Accumulated depreciation on equipment | | ? | 390 000 |
| Fixed Deposit FS Bank (12% p.a.) | | 1 100 400 | 300 000 |
| D | | **Fixed Assets** | | | |
|  | | **Vehicles**  With the exception of the delivery truck bought for R500 000 on 31 October 2013, the business has had all other vehicles for four years (including this year). No vehicles were sold during the year.    Depreciation on vehicles is written off at 15% p.a. on the cost price method and this rate has been maintained over the years since the business came into operation. | | | |

|  |  |
| --- | --- |
|  | **Equipment**  An old printer bought on 1 June 2011 for R? was sold for cash on 31 August 2013 at carrying value and in its place a new printer for R100 000 was bought on 1 September 2013.    Depreciation on equipment is written off at 20% p.a. on the diminishing balance method. |

**QUESTION 5**

**5.1 ASSET DISPOSAL**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2013**  **Aug** | **31** |  |  | **2013**  **Aug** | **31** |  |  |
|  |  |  |  |  |  |  |  |
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| **8** |

**5.2 FIXED ASSET NOTE**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Land and Buildings** | **Vehicles** | **Equipment** |
| **Carrying value at the beginning of the year** | **2 000 000** |  | **410 000** |
| Cost | **2 000 000** |  | **800 000** |
| Accumulated depreciation | **0** | **(720 000)** | **(390 000)** |
| **Movements** |  |  |  |
| Additions (at cost) | **1 315 000** | **500 000** | **100 000** |
| Disposals (at carrying value) | **0** | **0** |  |
| Depreciation | **0** |  |  |
| **Carrying value at the end of the year** | **3 315 000** |  |  |
| Cost price | **3 315 000** |  | **810 000** |
| Accumulated depreciation | **0** |  |  |