QUESTION 2: FINANCIAL INDICATORS AND CASH FLOW STATEMENT
(40 marks; 30 minutes)

REQUIRED:

2.1 Calculate the following financial indicators for the financial year ended 30 April 2022:

2.1.1 Debt-equity ratio (3)

2.1.2 Earnings per share (EPS) (4)

2.1.3 Dividend pay-out rate (%) (3)

2.1.4 % return on average equity (ROSHE) (5)

2.2 Complete the following section for Cash generated from operations:

- Cash effects of changes in working capital. (Cash outflows must be shown in brackets.) (9)

2.3 Calculate the following amounts for the Cash Flow Statement:

2.3.1 Taxation paid (5)

2.3.2 Proceeds from sale of fixed assets (5)

2.3.3 Funds used for the repurchase of shares (2)

2.4 Complete the following section of the Cash Flow Statement:

- Net change in cash and cash equivalents (4)

INFORMATION:

A. Extract from the Statement of Comprehensive Income on 30 April 2022:

Depreciation	R 280 800
Interest expense	151 200
Net profit before tax	1 660 000
Net income after tax	1 162 000

B. Extract from the Statement of Financial Position and notes:

	30 April 2022	30 April 2021
Fixed assets (carrying value)	11 434 000	9 984 400
Fixed deposits	120 000	600 000
Current assets	1 202 400	906 000
Trade and other receivables (Note 1)	481 800	352 500
Cash and cash equivalents	6 000	67 800
Shareholders' equity	10 776 400	8 893 800
Non-current liabilities	1 080 000	1 440 000
Current liabilities	900 000	1 156 600
Trade and other payables	432 000	814 600
Bank overdraft	264 000	0
Shareholders for dividends	144 000	192 000

Note 1: Trade and other receivables

Net trade debtors	448 000	323 800
Accrued income	28 400	
SARS (Income tax)	5 400	28 700
	481 800	352 500

C. Fixed assets:

- The total cost for the acquisition of a new vehicle and extensions to the buildings during the year amounted to R1 632 000.
- During the year equipment was sold at carrying value.

D. Share capital and shares:

- Additional shares were issued on 1 May 2021.
- On 30 April 2022 shares were repurchased. The value of the shares as per the average issue price amounted to R25 000. The asking price was 10% more than the average issue price.

E. Dividends and earnings per share:

	30 April 2022	30 April 2021
Interim dividend (per share)	45 cents	25 cents
Final dividend declared (per share)	25 cents	15 cents
Earnings per share	**?**	**94 cents**

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