QUESTION 2: CASH FLOW STATEMENT AND FINANCIAL INDICATORS
(45 marks; 35 minutes)

2.1 Give ONE accounting word/term for each of the following statements:

2.1.1 Shareholders' Equity plus non-current liabilities equals …

2.1.2 A repayment of loan is shown as an … of cash in the Cash Flow Statement.

2.1.3 The difference between current assets and current liabilities is referred to as … (3 x 1) (3)

2.2 You are provided with information relating to Mimosoa Limited. The financial year-end is 30 September 2023. Information relates to the financial year ended 30 September 2023.

REQUIRED:

2.2.1 Complete the Cash Flow Statement for the year ended 30 September 2023. Show all workings in brackets. (25)

2.2.2 Complete the Retained Income note. (8)

2.2.3 The directors issued more shares to improve the cash flow. Thandi Manning, a shareholder, was against the decision and has raised her concerns at the annual general meeting (AGM).

- Provide a reason for Thandi's opinion. (2)

2.2.4 Calculate the following financial indicators on 30 September 2023:
NOTE: Round off to ONE decimal point.

- Debt-equity ratio (3)
- Acid-test ratio (4)

INFORMATION:

A. The following information was extracted from the Statement of Comprehensive Income for the year ended 30 September 2023:

Interest expense	195 750
Income tax	497 400

NOTE: The income tax rate is 30%.

B. Extract from the Statement of Financial Position on 30 September:

	2023	**2022**
Current assets	**4 180 200**	**2 892 800**
Inventories	1 228 600	1 437 700
Trade and other receivables (see D)	1 104 300	945 600
Cash and cash equivalents	1 847 300	509 500
Ordinary shareholder's equity	**?**	**4 964 020**
Ordinary share capital (see F)	4 240 000	4 250 000
Retained Income	?	914 020
Loan: Munchie Bank (12% p.a.)	**2 400 000**	**1 850 000**
Current liabilities	**1 678 900**	**1 544 700**
Trade and other Payables (see E)	1 678 900	1 399 000
Bank overdraft	0	145 700

C. Fixed assets on 30 September:

	2023	**2022**
Land and Buildings:		
Cost	2 750 000	3 000 000
Accumulated depreciation	0	0
Vehicles:		
Cost	725 000	950 000
Accumulated depreciation	498 800	386 000
Equipment:		
Cost	310 000	268 000
Accumulated depreciation	158 900	112 400

- Land and buildings were sold at cost during the year and a vehicle was sold at carrying value at the end of the year. Accumulated depreciation on the vehicle sold was R125 000 at the beginning of the year. Vehicles are depreciated at 20% p.a. on diminishing-balance method. No additions were made during the year to both.
- Equipment was bought at the beginning of the year. No equipment was sold during the year. Equipment is depreciated at 15% p.a. on cost.

D. Trade and other receivables include:

	2023	**2022**
SARS: Income Tax	48 090	0

E. Trade and other payables include:

	2023	2022
SARS: Income tax	0	53 200
Shareholders for dividends	530 000	390 000

F. Ordinary Share capital and dividends:

- 850 000 shares were in issue on 1 October 2022.
- On 1 December 2022, 150 000 additional shares were issued at R7,00 each.
- 200 000 shares were repurchased on 31 March 2023 at R1,70 above average price. These shares qualify for interim dividends.
- Interim dividends of 25c per share were paid on 30 April 2023.

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