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| **ACCOUNTING GRADE 12 TEST 7 SELF-STUDY (LOCKDOWN)**  **ANSWER BOOK**  **TOPIC : CASH FLOW STATEMENT AND INTERPRETATION** |  |

**QUESTION 1 CASH FLOW STATEMENT, RATIO ANALYSIS**

**1.1 AMATHOLE LTD.**

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| **1.1.1** | **Calculate the total dividends paid that will be reflected on the Cash Flow Statement on 30 June 2019.** | | **4** |
| **1.1.2** | **Calculate the balance on the SARS (Income Tax) account on 1 July 2018.** | | **5** |
| **1.1.3** | **Movements in fixed assets:** | |  |
|  | **(a)** | **Calculate the amount of cash received for the equipment sold during the year.** | **2** |
|  | **(b)** | **Calculate the cost of the new assets purchased during the financial year.** | **5** |

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| **1.1.4** | **Complete the “Cash flow from Financing Activities” section of the Cash Flow Statement on 30 June 2019.**   |  |  | | --- | --- | | **Cash flow from financing activities** | **(211 000)** | |  |  | |  |  | |  |  | |  |  | | | **8** |
| **1.1.5** | **Calculate the closing balance of Retained Income as on 30 June 2019.** | | **7** |
| **1.1.6** | **On the AGM of Amathole Ltd. there was interest shown in purchasing additional machinery and equipment. The company will have to obtain a loan of R2 million at an interest rate of 14%.** | |  |
|  | **(a)** | **Calculate the Return on total capital employed (ROTCE).** | **9** |

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|  | **(b)** | **Show how the proposed additional loan will impact on the debt/equity ratio. Provide a calculation.** | **4** |

**1.2 SITIYANA LTD.**

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| **1.2.1** | **Calculate the following financial indicators on 29 February 2020:** | | **3** |
| **(a)** | **Net Asset Value per share** |
|  | **(b)** | % **Return on average Shareholder’s Equity (ROSHE)** | **5** |
| **1.2.2** | **Comment on the liquidity of the company. Quote THREE financial indicators (with figures and trends) to support your answer.** | | **8** |
| **1.2.3** | **U. Tsipa is a shareholder and she is unsure if she should sell her shares or not. She asks for your advice. Provide figures in your answer.** | | **3** |
| **1.2.4** | **Refer to Information C. Calculate the total dividends Charlie Darries received during the year.** | | **6** |

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| **1.2.5** | **The dividend pay-out policy has changed from the previous year. Provide calculations to show the change and provide ONE possible reason for the change.** | **6** |

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| **TOTAL**  **MARKS** |
|  |
| **75** |