

**TASK 3.49**
**Imbizo (Pty) Ltd: Complete Cash Flow Statement**
**3.49.1 NOTES TO THE BALANCE SHEET ON 31 MARCH 20.4**

<b>1. ORDINARY SHARE CAPITAL</b>	
Authorised: 400 000 ordinary shares	
Issued:	
240 000 ordinary shares in issue at beginning of year	120 000
12 000 ordinary shares repurchased on 31 May 20.3	(6 000)
122 000 ordinary shares issued on 1 September 20.3	97 600
350 000 ordinary shares in issue at end of year	<b>211 600</b>

<b>2. RETAINED INCOME</b>	
Retained income at beginning of year	54 400
Net profit after tax	144 000
Repurchase of 12 000 shares	(5 400)
Dividends paid and declared	(71 800)
Retained income at end of year	<b>121 200</b>

**3.49.2 IMBIZO (PTY) LTD**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 20.4**

	Note	
<b>Cash flows from operating activities</b>		102 200
Cash generation from operations	1	247 860
Interest paid		(14 360)
Dividends paid	3	(58 800)
Tax paid	4	(72 500)
<b>Cash flows from investing activities</b>		(142 000)
Purchase of non-current assets <sup>(1)</sup>		(119 000)
Proceeds from disposal of non-current assets [18 000 – 11 000]		7 000
Financial assets (investment)		(30 000)
<b>Cash flows from financing activities</b>		73 200
Proceeds from issue of share capital		97 600
Repurchase of shares [12 000 x 95c] or [6 000 + 5 400]		(11 400)
Payment of capital portion of long-term borrowings		(13 000)
<b>Net change in cash equivalents</b>	2	33 400
Cash and cash equivalents – beginning of year	2	7 400
Cash and cash equivalents – end of year	2	<b>40 800</b>

**\*Purchase of Non-current assets:**

Book value at beginning	211 000
Additions	<b>119 000</b>
Disposals	[7 000]
Depreciation	[27 000]
Book value at end	296 000

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 20.4**

<b>1. Reconciliation between profit before taxation and cash generated from operations</b>	
Profit before taxation [144 000 + 56 000]	200 000
Adjustments in respect of:	
Depreciation	27 000
Interest expense	14 360
Operating profit before changes in working capital	241 360
Changes in working capital:	6 500
Decrease in inventory	24 800
Decrease in debtors	16 500
Decrease in creditors	(34 800)
Cash generated from operations	<b>247 860</b>

<b>2. Cash and cash equivalents</b>	<b>Net change</b>	<b>20.4</b>	<b>20.3</b>
Bank	28 400	32 800	4 400
Cash float	4 000	7 000	3 000
Petty cash	1 000	1 000	-
	<b>33 400</b>	<b>40 800</b>	<b>7 400</b>

<b>3. Dividends paid</b>	
Amount owing at the end of the previous year	36 000
Total dividends for the year – interim and final	71 800
Amount owing at the end of the current year	(49 000)
Amount paid	<b>58 800</b>
<b>4. Taxation paid</b>	
Amount owing at the end of the previous year	14 000
Income Statement amount	56 000
Amount owing at the end of the current year	2 500
Amount paid	<b>72 500</b>

<b>3.49.2</b>	<b>You own 75% of the shares in this small private company. Would you be satisfied with this Cash Flow Statement? Explain briefly.</b>
<p>Any valid answer.          Compare cash generated by operations with investing and financing activities.          There appears to be a good balance between the three.</p>	