



# **National Diploma Plant/Animal Farm Finance**

## **Handout 5B**

### **Zippa LTD Model Answer**

## **SOLUTIONS**

### 1. LAND AND BUILDINGS

To determine whether it was an inflow or outflow of funds one must compare the figures for this year with the previous year. Because there was an increase of R 50 000 one can say that more buildings were bought. Therefore, the increase of R 50 000 in Land and Buildings will be an outflow of funds.

### 2. VEHICLES

The decrease of R10 000 in vehicles means that vehicles were sold during the past financial year. This means an inflow of funds.

### 3. INVENTORY

The decrease of R20 000 in stock means that more stock was sold during the past financial year. This means an inflow of funds.

### 4. DEBTORS

The decrease of R20 000 in debtors means that more debtors paid their debts during the past financial year. This means an inflow of funds.

### 5. CREDITORS

The increase of R5 000 in creditors means that more credit facilities were received from creditors (more credit purchases). This means an inflow of funds although your liabilities increased.

### 6. ORDINARY SHARE CAPITAL

The increase of R20 000 in the share capital means that more shares were issued during the past financial year which indicates that the company received cash. This means and inflow of funds.