



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

## **Handout 6D**

### **SAICA(Ltd) Model Answer Cash Flow From Financing Activities**

## CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in long term loans	(8 000)
Proceeds from Ordinary shares issued ( 7 000+ 2 000)	9 000
Proceeds from Preference shares issued	2 000
Proceeds from Debentures	2 160
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	5 160
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### EXPLANATION

- A decrease in long-term loans indicates an outflow of funds. Money was paid to a third party outside the business.
- The increase in the share premium (R2 000) must be included in the proceeds from the Ordinary shares issued. The R2 000 is part of the cash received when the shares were issued.