

# Statement of Cash Flow - LKAS 07

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## Statement of Cash Flow - LKAS 07

### Example 01

The following information is available for the year ended 31<sup>st</sup> Dec 2018.

Description	\$'000
Sales - Credit	800
- Cash	400
Purchases - Credit	600
- Cash	200
Staff Exp for the year	300

Assets and liabilities	As at	
	31 <sup>st</sup> Dec 18	1 <sup>st</sup> Jan 18
Debtors	150	600
Creditors	100	250
Salaries payable	175	100

#### Required:

1. Profit for the year assuming there were no stocks at the beginning or end of the year and there were no other income or expenses.
2. The amount of cash received from sales for the year
3. The amount of cash paid for purchases during the year
4. The amount of cash paid to employees.
5. The net cash flow from operations for the year.

### Example 02

The following details are made available to you from the books of B Ltd for the year ended 31<sup>st</sup> Dec 2018.

	\$'000
Sales	3,020
Purchases	575
Salaries	175
Expenses	300
Interest Income	10
Interest expenses	7

Assets and liabilities	As at	
	31 Dec 18	1 Jan 18
Inventories	225	150
Debtors	550	500
Creditors	450	400
Salaries payable	25	50
Interest Payable	2	1

#### Required:

1. Profit calculation
2. Cash flow from direct method and indirect method.

**Example 03**

The following are extracts from the balance sheet.

Cat Limited as at 31 March	2019	2020
	\$'000	\$'000
Freehold premises	750	1,000
Plant and machinery	400	430
Motor vehicles	250	281
	<b>1,400</b>	<b>1,711</b>
Accumulated Depreciation		
Plant and machinery	220	230
Motor vehicle	175	205
	<b>395</b>	<b>435</b>
Net book value	1,005	1,276
Asset revaluation reserve	-	250

In the year 31 march 2020 plant and machinery which had cost \$.80,000 and had been written down to \$.10,000 was sold for \$.7,000. In addition, motor vehicles which had cost \$. 33,000 were sold for \$. 8,000 at a profit of \$. 2,000.

**Required:**

Calculate the figures to be included in a cash flow statement for the year to 31 march 2020.



## Question

### 2020 January

The following balances were extracted from the statement of Financial Position of Ameen Plc.

As at 31 <sup>st</sup> March	2019 (Rs.'000)	2018 (Rs.'000)
Non – Current Assets:		
Property, plant and Equipment	58,500	57,500
Accumulated Depreciation	(34,800)	(28,200)
<b>Carrying Value</b>	<b>23,700</b>	<b>29,300</b>

The following additional information is also provided:

- (1) A motor vehicle was sold on 1<sup>st</sup> January 2019 and cost and accumulated depreciation at the date of disposal were Rs.4,500,000/- and Rs.2,800,000/- respectively. Loss on disposal of the motor vehicle was Rs.475,000/-. The company acquired a motor vehicle for Rs.3,000,000/- on 31<sup>st</sup> March 2019 to replace the sold vehicle.
- (2) Office furniture included in Property, Plant and Equipment was acquired on 31<sup>st</sup> March 2019.

Using the above information,

### Required

Prepare the cash flows from investing activities of Ameen PLC for the year ended 31<sup>st</sup> March 2019. (05 marks)

### Example 04

The tax liability shown in the Statement of financial position at 31 March 2019 was \$. 342,000.

The liability for tax shown in the Statement of Financial Position at 31 March 2018 was \$.410,000.

In the company's profit and loss account for the year ended 31 March 2019 was 398,000.

### Required:

Calculate tax paid during the year.

### Example 05

Statement of Financial Position extract as at 30 June 2019 and 30 June 2020 are given below.

	2019 \$. '000	2020 \$. '000
Tax payable	157	201
Deferred taxation	50	60

Extract of the profit & loss account	\$. '000
Profit before tax	974
Income tax	(210)
Profit after tax	764

**Required**

Calculate tax paid during the year.

**Example 06**

Statement of Financial Position extract.

	31/03/2020	31/03/2019
	\$, '000	\$, '000
Share capital	18,000	13,000
Reserve	-	2,000
Retained Earnings	5,610	4,550

During the year the company issued 300,000 shares at a price of \$. 10 each and made a bonus issue utilizing the general reserve.

**Example 07**

Dividends

Proposed dividends are shown in the statement of financial position and interim dividends paid during the year are debited in the profit and loss account together with the proposed final dividend for the year.

Therefore dividend paid during the year include interim dividend paid during the year and the proposed dividend of the previous year.

**Example 11**

The following extract are taken from the statement of financial position of N limited.

	31/12/2017
Proposed dividends	75,000

The profit and loss account for the year ended 31/12/2018 contains interim dividend of \$. 60,000 and proposed dividends of \$.120,000.

**Required:**

Calculated amount paid as dividend the year.

## Question 01

The Statements of Financial Position of Europa Quality Foods (Pvt) Ltd. As at 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018 are as follows:

Europa Quality Foods (Pvt) Ltd. Statements of Financial Position		
	(Rs.'000)	
As at 31 <sup>st</sup> March	2019	2018
<b>Assets:</b>		
<b>Non –Current Assets:</b>		
Property,plant and Equipment	22,050	22,300
Accumulated Depreciation	(10,090)	(10,020)
Carrying Value	<b>11,960</b>	<b>12,280</b>
<b>Current Assets:</b>		
Inventories	5,935	3,320
Trade and Other Receivables	10,920	11,580
Cash and Cash Equivalents	2,205	2,560
	<b>19,060</b>	<b>17,460</b>
<b>Total Assets</b>	<b>31,020</b>	<b>29,740</b>
<b>Equity and Liabilities:</b>		
<b>Equity:</b>		
Stated Capital- Ordinary Share Capital	10,000	10,000
Retained Earnings	16,270	13,820
	<b>26,270</b>	<b>23,820</b>
<b>Non-Current Liabilities:</b>		
Long Term Loans	1,000	-
Employee Benefits (Provision for gratuity)	540	490
	<b>1,540</b>	<b>490</b>
<b>Current Liabilities:</b>		
Trade Payables	1,040	980
Short Term Loans	1,800	3,425
Interest Payables	220	75
Income Tax Payable	150	950
	<b>3,210</b>	<b>5,430</b>
<b>Total Equity and Liabilities</b>	<b>31,020</b>	<b>29,740</b>

The following additional information is also provided:

1. A motor vehicle was disposed for Rs.600,000/- on 31<sup>st</sup> March 2019. The cost of the motor vehicle was Rs.750,000/- while the carrying value as at the date of disposal, was Rs.350,000/-.
2. Interest expense for the year ended 31<sup>st</sup> March 2019 was Rs.590,000/-.
3. The income tax expenses of the company for the year ended 31<sup>st</sup> March 2019 was Rs.125,000/-
4. No gratuity payments have been made during the year.
5. No dividends were paid or declared during the year.

**Required**

Prepare the Statement of cash Flows of **Europa Quality Foods (Pvt) Ltd.** For the year ended 31<sup>st</sup> March 2019 using indirect method. (10 marks)

**Question 02**

Balances extracted from the statement of financial position of **Lanka Teas (Pvt) Ltd.** As at 31<sup>st</sup> March 2019 and 31<sup>st</sup> march 2018 are as follows:

As at 31 <sup>st</sup> March	2019	2018
<b>Non-current Assets:</b>		
Property, Plant and Equipment (at cost)	2,000,000	1,800,000
Accumulated Depreciation	(1,400,000)	(1,500,000)
Intangible Assets	35,000	-
Investment in other companies (at cost)	165,000	-
	<b>800,000</b>	<b>300,000</b>
<b>Current Assets:</b>		
Inventories	65,000	90,000
Trade Receivables	17,000	21,000
	<b>82,000</b>	<b>111,000</b>
<b>Total Assets</b>	<b>882,000</b>	<b>411,000</b>

The following additional information is also provided:

1. Depreciation for the year ended 31<sup>st</sup> March 2019 was Rs. 500,000/-.
2. A motor vehicle was sold for cash on 31<sup>st</sup> March 2019. Cost of the motor vehicle and accumulated depreciation as at 31<sup>st</sup> March 2019 were Rs.1,200,000/- and Rs. 600,000/- respectively. Profit on disposal of this motor vehicle was Rs. 200,000/-.
3. The company acquired a new motor vehicle on 31<sup>st</sup> march 2019.
4. Intangible Assets represent patent rights acquired on 31<sup>st</sup> March 2019.

Using the above information,

**Required**

Prepare the cash flows from investing of **Lanka Teas (Pvt) Ltd.** For the year ended 31<sup>st</sup> march 2019. (05 marks)

**2017 July**

The Statement of cash flows shall report cash flows during the period classified by operating activities, investing activities and financing activities.

- (a) **State** three (03) examples of cash flows arising from investing activities. (03 marks)
- (b) **State** two (02) non-cash transactions which are excluded from the statement of cash flows. (02 marks)

**Question 03**

The Statements of Financial Position of Wess (Pvt) Ltd. As at 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018 are as follows:

**Wess (Pvt) Ltd.**  
**Statements of Financial Position**

	(Rs.'000)	
As at 31 <sup>st</sup> March	2019	2018
<b>Assets:</b>		
<b>Non-Current Assets:</b>		
Property, plant and Equipment	23,820	22,420
Accumulated Depreciation	(10,590)	(9,470)
Carrying Value	13,230	12,590
<b>Current Assets:</b>		
Inventories	320	470
Trade and other Receivables	1,702	1,270
Cash and cash Equivalents	398	210
	2,420	1,950
<b>Total Assets:</b>	15,650	14,900
<b>Equity and Liabilities:</b>		
<b>Equity:</b>		
Stated Capital	12,200	12,200
Retained Earnings	1,260	660
	13,460	12,860
<b>Non-Current Liabilities:</b>		
Long Term Loans	450	1,000
	450	1,000
<b>Current Liabilities:</b>		
Short Term Loans	150	150
Trade Payables	1,470	540
Interest Payables on Loans	-	50
Income Tax payable	120	300
	1,740	1,040
<b>Total Equity and Liabilities</b>	15,650	14,900

The following additional information is also provided:



1. The income tax expense for the year ended 31<sup>st</sup> March 2019 was Rs.175,000/-.
2. A machinery was disposed for Rs.2,000,000/- on 31<sup>st</sup> March 2019. The cost of the machinery was Rs.1,900,000/- and accumulated depreciation as at 31<sup>st</sup> March 2019 was Rs.850,000/-.
3. During the year the company paid interim dividend of Rs.3000,000/- to its ordinary shareholders.
4. Interest expense on loans for the year ended 31<sup>st</sup> March 2019 was Rs.325,000/-.
5. There was no other comprehensive income for the year ended 31<sup>st</sup> March 2019.

**Required**

Prepare the Statement of cash flows of **Wess (Pvt) Ltd.** For the year ended 31<sup>st</sup> March 2019 using indirect method. (10 marks)

