

COMPLETE CASH FLOW STATEMENT

GRADE 12
ACCOUNTING
MODULE 4 (2)
LESSON 6

SOLUTION to EXAMPLE pg 172

- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from OPERATING activities		
Cash generation from operations	1	

SOLUTION to EXAMPLE pg 174

NOTES to Cash Flow Statement for year ended 30 June

1. Reconciliation between profit before taxation & cash generated from operations		
Profit before taxation		30 000
Adjustments in respect of:		21 200
Depreciation		12 000
Interest expense		9 200
Operating profit before changes in working capital		51 200
Changes in working capital		40
Increase in inventory		(8 000)
Decrease in debtors		5 600
Increase in creditors		2 440
Cash generated from operations		51 240

SOLUTION to EXAMPLE pg 174

- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from OPERATING activities		
Cash generation from operations	1	51 240
Interest paid		(8 840)

INTEREST paid	(8840)
Amount due @ beginning of year	(400)
Amount in Income Statement	(9 200)
Amount due @ end of year	760

SOLUTION to EXAMPLE pg 174

NOTES to Cash Flow Statement for year ended 30 June

4. DIVIDENDS PAID	
Amount owing at the beginning of year	(4 500)
Amount paid & recommended	(10 000)
Amount owing at the end of the year	6 000
DIVIDENDS PAID	(8 500)

5. TAXATION PAID	
Amount owing at the beginning of year	(1 600)
Amount in the Income Statement	(13 500)
Amount owing at the end of the year	1 200
TAXATION PAID	(13 900)

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- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from OPERATING activities		20 000
Cash generation from operations	1	51 240
Interest paid		(8 840)
Dividends paid	3	(8 500)
Taxation paid	4	(13 900)

SOLUTION to EXAMPLE pg 174

- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from INVESTING activities		(43 700)
Purchase of non-current assets		(48 500)
Proceeds of sale of non-current assets		4 800

Calculation of equipment purchased	
Book value at beginning of year	56 000
Less: depreciation	(12 000)
Disposal	(4 800)
ADD: purchase	23 500
Book value at end	62 700

Calculation of L & B purchased	
Cost price at beginning of year	95 000
ADD: Purchases	25 000
Cost price at end of year	120 000

SOLUTION to EXAMPLE pg 174

- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from FINANCING activities		16 000
Proceeds from issue of share capital		36 000
Payment of long-term loan		(20 000)

SOLUTION to EXAMPLE pg 174

NOTES to Cash Flow Statement for year ended 30 June

2. Cash & cash equivalents	Net change	2007	2006
Fixed deposit maturing within 12mo	-	-	-
Savings account	800	6 000	5 200
Bank	(9 000)	5 000	14 000
Cash Float	500	1 000	500
Petty Cash	-	-	-
	(7 700)	12 000	19 700

SOLUTION to EXAMPLE pg 173/4

- KISMET LTD

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE

	Note	
Cash flows from FINANCING activities		16 000
Proceeds from issue of share capital		36 000
Payment of long-term loan		(20 000)
Net change in cash equivalents	2	(7 700)
Cash & cash equivalents – beginning of year		19 700
Cash & cash equivalents – end of year		12 000