

**QUESTION 3 (20%) (39.5)**

The financial statements of Goodlink Bhd were as follows:

**Income Statement** for the year ended 31 December 2017

	RM	RM
Sales		1,200,000
<b>Cost of Sales</b>		(620,000)
Gross Profit		580,000
Gain on disposal of non-current assets		3,000
Dividend Income		2,000
		585,000
Less: Depreciation	60,000	
Wages and Salaries	264,500	
Other Operating Expenses	114,500	
Interest Expenses	9,000	(448,000)
Profit before taxation		137,000
Taxation		(34,500)
<b>Profit for the year</b>		<b>102,500</b>

**Statement Of Financial Position** as at 31 December 2016 and 2017

	<b>31 December 2017</b>		<b>31 December 2016</b>	
	RM	RM	RM	RM
<b>Non- current Assets, at carrying amount</b>		720,000		575,000
<b>Investments</b>		40,000		25,000
		760,000		600,000
<b>Current Assets</b>				
Inventory	100,000		110,000	
Trade Receivables	130,500		102,000	
Short-term Investments	6,000		7,200	
Bank	27,500	264,000	9,800	229,000
		<b>1,024,000</b>		<b>829,000</b>
<b>Equity</b>				
Ordinary Share Capital		550,000		440,000
Share Premium		37,000		26,000
Retained Earnings		120,000		38,000
		707,000		504,000
<b>Non-Current Liabilities</b>				
6% Loan Notes	150,000		180,000	
<b>Current Liabilities</b>				
Trade Payables	104,000		95,000	
Salaries Accrued	21,000		12,000	
Tax Payable	42,000	317,000	38,000	325,000
		<b>1,024,000</b>		<b>829,000</b>

**Additional information:**

- ( 1 ) All sales and purchases were on credit. Purchases for the year amounted to RM 610,000.
- ( 2 ) Machinery cost RM 40,000 with an accumulated depreciation of RM 25,000 was sold for RM 18,000.
- ( 3 ) Dividends declared and paid during the year amounted to RM 20,500.

You are required to prepare **Statement Of Cash Flows** for the year ended 31 December 2017 using **Direct Method**.