

## STATEMENT OF CASHFLOWS FORMAT (IAS 7)

### INDIRECT METHOD

JM ltd

Statement of cash flow for the year ended xx/xx/2070

#### Operating Activities cash flows

Profit before tax xx

#### Adjustments (non-cash items)

Depreciation xx

Amortization/Impairment xx

Loss on disposal xx

Finance cost xx

Gain on disposals (xx)

Associate profit/joint venture profit (xx)

Investments income/Dividends income (xx)

#### Changes in working capital

Increase/Decrease in inventory (xx)/ xx

Increase /Decrease in receivables (xx)/ xx

Decrease /Increase in payables xx/ (xx)

Gross operating cash flows xxx

Tax paid (xx)

**Net operating cash flows.** **Xxx (A)**

#### Investing Activities cash flows

Cash proceed from disposals xx

Dividends /interest /investment income received xx

Purchase on non-current assets (xx)

**Net investing cash flows** **xxx(B)**

#### Financing Activities cash flows

Cash received from issue of shares xx

Cash received from issue of debentures xx

Loan borrowed xx

Loan paid (xx)

Dividend /interest paid (xx)

Lease rentals paid (xx)

**Net financing cash flows** **xxx(C)**

Cash and cash equivalents (A+B+C) xx

Add: opening cash and cash equivalents xx

Closing Cash and cash equivalent **xx**

### DIRECT METHOD

#### OPERATING ACTIVITIES CASHFLOWS.

Cash received xx

Cash paid (xx)

Gross operating cash flow xx

Tax paid (xx)

**Net operating cash flows** **xx (A)**

# Group CASH FLOWS (IAS 7)

This is a statement

May 2014 Q 4

PPE Account		Disposal Account	
Bal b/d	3660	Depreciation	640
Acquisition	500	Disposal (bal fig)	140
Revaluation	400		
	<u>4560</u>	Bal c/d	3780
			<u>4560</u>
Goodwill		other intangible asset	
Bal b/d	400	Impairment	40
	<u>—</u>	Bal c/d	360
			<u>—</u>
Investment in Associate		NCI Alc.	
Balance b/d	160	Dividend Received	10
Income Statement	40		
	<u>200</u>	Bal c/d	190
			<u>200</u>
		Dividend paid	10
		Bal c/d	270
			<u>280</u>

## Bonus issue of shares

no of shares =  $1000 \div 10 = 100$

$10 \rightarrow 1 \quad x = 10 \times 10 = 100$   
 $100 \rightarrow x$

Debt issued  $600 - 200 = 400$   
 Loan paid  $600 - 520 = 80$

## Tax Account

Tax paid	260	Bal b/d - current tax	320
Bal c/d - current tax	260	- Deferred tax	280
Deferred tax	<u>620</u>	Income Statement	<u>540</u>

## Dividend payable Alc

Dividend paid	640	Bal b/d	400
Bal c/d	<u>560</u>	ILs	<u>800</u>

Interest paid =  $(10 + 60) - 30 = 40$



Uongozi Group  
Consolidated statement of cashflows for the year ended 30 sep 2013  
OPERATING ACTIVITIES CASHFLOWS      sh millions

profit before tax 1740

Adjustments

Depreciation 640

Amortization of: Goodwill 40

; other intangible 260

Finance cost 60

loss on disposal 100

Working Capital changes

Inventory 1860 → 2840 ↑ (960)

Receivables 1360 → 1480 ↑ (620)

Payables 1460 → 1750 ↑ 290

Gross operating cashflows 1550

less: tax paid (260)

; interest paid (10+60) - 30 (40)

Net operating cashflows 1250 (A)

INVESTING ACTIVITIES CASHFLOWS

proceeds on disposal 40

Dividend received (Associate) 10

Acquisition of asset → PPE (500)

→ Intangible asset (1000)

Net investing cashflows (1450) B

FINANCING ACTIVITIES CASHFLOWS

Issue of shares: ordinary shares (1000+100) → 1500 400

1 share premium (700-200) 500

Issue of debentures (600-200) 400

loan paid (600-520) (80)

Dividend paid → parent (640)

→ NCI (10)

Net financing cashflows 570 C

Cash and cash equivalents (A+B+C) 370

add: cash bal b/d (0-230) (230)

Cash bal c/d 140-0 140

cash and cash equivalent

	2013	2012
cash	140	-
Bank overdraft	-	(230)
	140	(230)

Dec 2012 P 36

June 2010 P 1



AUG 2022

Question Three (published cashflows)

Coaster Hotel

Statement of Cashflows for the year ended 31 Dec 2021

Operating Activities Cashflows

Profit before tax

5000

100

Adjustment

Depreciation

4400

Amortisation

(500)

Finance cost

520

Gain on disposal

(9200)

Interest receivable

(80)

Working Capital changes

Inventory 5700 → 7100 Increase

(1400)

Receivable 6200 → 7200 Increase

(1000)

Payables 7900 → 10100 Increase

2200

Insurance receivable 1400 → 2000 Increase

(600)

Gross operating cashflows

(5560)

less: Interest paid

(520)

tax paid

(2700)

Net operating cashflows

(8780) A

Investing Activities Cashflows

Cash proceeds on disposal

24000

Acquisition of non-current asset

(5800)

Interest received

80

Proceeds of government grant

1900

Net Investing cashflow

20180 B

Financing Activities Cashflows

Issue of debenture

1600

Loan paid

(8000)

Lease rentals paid

(2200)

Net financing cashflow

(8600) C

Cash and cash equivalents A+B+C

2800

Cash balance b/d 0 - 1100

(1100)

Cash balance c/d 1700 - 0

1700



## WORKINGS

PPE Account (cost)		Depreciation a/c	
Balance b/d 50400	Disposal 17200	Disposal 2400	Balance b/d 18800
Lease 3000			Depreciation 4400
Purchase 5800	Bal c/d 42000	Bal c/d 20800	
59200	59200	23200	23200

Lease obligation ALC		Tax account	
Rentals paid 2200	Bal bcd 3400	Income statement 100	Bal bcd - deferred 1000
Bal bcd 4000	1600	Tax paid 2700	- current 2400
1800	PPE 3000	Bal bcd - D 400	
		- C 200	
8000	8000	3400	3400

Government grant		Returned Economy	
Amortization: 500	Ball bid 1800	Ball bid 3200	
	800	P&L 200	
Ball bid 2800	For the year 1900		
1200		Ball bid 5100	Revaluation 1700
<u>4500</u>	<u>4500</u>	<u>5100</u>	<u>5100</u>

Gain on disposal of factory:  $24000 - 14800 = 9200$

Revaluation:  $1700 \rightarrow 0 = 1700 \Rightarrow$  To ord share capital.

NB: It appears that after the sale of factory, the revaluation surplus has been transferred to retained earnings according to IAS 16.

### Question four



NOV 2018 Q 3b

PPE (cost)

Bal b/d	2970	Disposal	290
Revaluation	150		
Acquisition (bal fig)	935		
	<u>      </u>	Bal c/d	3765

Accumulated depreciation

Disposal	96	Bal b/d	625
Bal c/d	934	Dep for the year	405

Joint venture

Bal b/d	380	Dividend Received	38
Income statement	85	Bal c/d	427
	<u>      </u>		<u>      </u>

Goodwill

Bal b/d	455	Impairment	23
	<u>      </u>	Bal c/d	432

NCI

Dividend paid	49	Bal b/d	180
		Income statement	25
Bal c/d	186	Revaluation $150 \times 20\%$	30

Tax expense

Tax paid	153	Bal b/d - Deferred	185
		- Current tax	94
Bal c/d - Deferred tax	150	Income statement	80
Current tax	92	Revaluation $150 \times 80\% \times 30\%$	36
	<u>395</u>		<u>395</u>
			- Deferred tax

Interest payable

Interest paid	16	Bal b/d	31
Bal c/d	100	Finance cost	85
	<u>116</u>		<u>116</u>



Sasuma Group  
Consolidated statement of cashflows for the year ended 30 sep 2018

Operating Activities cashflows sh million

Profit before tax. 395

Adjustments

Depreciation 405

Impairment of goodwill 23

Finance cost 85

Gain on disposal: 215 - (290 - 96) (21)

Share of joint venture profit (85)

Working Capital Changes

Inventory 128 → 170 ↑ (42)

Receivables 214 → 238 ↑ (24)

Payables 175 → 234 ↑ 59

Gross operating cashflows 795

less: tax paid (153)

: interest paid (16)

Net operating cashflows 626 A

INVESTING ACTIVITIES CASHFLOWS

Disposal proceeds 215

Dividend received joint venture 38

Acquisition of PPE (935)

Net investing cashflows (682) B

FINANCING ACTIVITIES CASHFLOWS

Issue of shares (320+60) - 180 200

Dividend paid: To ordinary SH (80)

: NCI (49)

Net financing cashflows 71 C

Cash and cash equivalents (A+B+C) 15

add: cash bal bld 63

Cash bal cld. 78