



Department of Education, Sabaragamuwa/weekly school

week- December 1

Subject-Accounting

Prepared by -
Zonal Education Office, Rathnapura.

Grade-13

Competency 12.0 – Prepares Financial Statements for a Limited Company.

Competency Level 12.4.2- Prepare statement of Cash flows of a limited liability company accordance with the Sri Lanka Accounting Standards.

- (1) Mudalindu PLC started its operations on 01.04.2016. Financial statements of first year given below.

Mudalindu PLC
Statement of Profit or loss
for the year ended 31.03.2017

		(Rs.'000)
Sales		9 500
Cost of sales		(4 500)
Gross profit		5 000
Other Income		500
		5500
Distribution expenses	1 400	
Administration expenses	1 600	
Finance expenses	400	(3 400)
Profit Before Tax		2 100
Income Tax		(600)
Profit for the period		1 500

Mudalindu PLC
Statement of Finance Position
as at 31.03.2017

(Rs.000)

Property plant and equipment	7 000
Investments (Shanthi PLC)	2 000
Inventories	1 500
Trade and other receivables	4 000
Bank balance	1 000
Total Assets	15 500
Equity and Liabilities	
Stated capital - ordinary shares (@Rs.90-100 shares)	9 000
Retained earnings	1 000
10% Bank loan (2016.04.01)	3 000
Trade and other payables	2250
Accured Interest	150
Tax Payables	100
Total Equity and Liabilities	15 500

Other Informtion :

- (i) Mudalindu PLC engages purchase and sales on credit terms. Trade & other receivable balance represent trade debtors and trade & other payable balance represent trade creditors.
- (ii) Rs. 100 000 out of finance expenses in statement of profit or loss was bank charges, remaining were interest for bank loan.
- (iii) Composition of property plant and equipment given are below.

Asset	Cost	Accumulated Depreciation	Carrying Amount
Machines	2 400	400	2 000
Motor vehicles	3 000	600	2 400
Land	2 600	-	2 600
	8 000	1 000	7 000

All property plant and equipment items were purchased on cash.

(iv) Other income consist of dividend collected for investments.

(v) Dividends were not paid by the company with in the year.

Required :

1. Statement of cash flows (as per LKAS 7)

- Prepare statement of cash flows using direct method to calculate the cash flows from operating activities.
- Prepare statement of cash flows using indirect method to calculate cash flows from operating activities.

2. State two items which cannot be considered as cash flow.

