



Department of Education, Sabaragamuwa/weekly school

week- December 2

Subject-Accounting

Prepared by -  
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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.

### Sanath PLC

#### Statement of profit or loss for the year ended 31.03.2017

(Rs.'000)

|                                   | Note | Amount | Amount  |
|-----------------------------------|------|--------|---------|
| Sales                             |      |        | 20 000  |
| Cost of sales                     |      |        | (8 000) |
| Gross profit                      |      |        | 12 000  |
| Other income                      |      |        | 400     |
|                                   |      |        | 12 400  |
| Distribution cost                 |      | 2 300  |         |
| Administration expenses           |      | 2 700  |         |
| Finance expenses                  |      | 1 000  |         |
| Other expenses                    |      | 400    | (6 400) |
| Profit Before Tax                 |      |        | 6 000   |
| Income Tax                        |      |        | (1 500) |
| Profit for the year               |      |        | 4 500   |
| <b>Other comprehensive income</b> |      |        |         |
| Surplus on land Revaluation       |      |        | 2 500   |
| Total Comprehensive Income        |      |        | 7 000   |

### Sanath PLC

#### Statement of changes in Equity for the year ended 31.03.2017

(Rs.'000)

| Description           | Ordinary shares | Revaluation Reserves | General Reserve | Retained earnings | Total  |
|-----------------------|-----------------|----------------------|-----------------|-------------------|--------|
| Balance at 01.04.2016 | 8 000           | 1 500                | 2 000           | 4 200             | 15 700 |
| Share issue           | 1 000           | -                    | -               | -                 | 1 000  |
| Right issue           | 2 000           | -                    | -               | -                 | 2 000  |

|                              |        |       |       |         |         |
|------------------------------|--------|-------|-------|---------|---------|
| Reserve capitalization       | 2 000  | -     | -     | (2 000) | -       |
| Total comprehensive Income   | -      | 2 500 | -     | 4 500   | 7 000   |
| Dividend paid                | -      | -     | -     | (1 000) | (1 000) |
| Transfer to General reserves | -      | -     | 500   | (500)   | -       |
| Balance at 31.03.2017        | 13 000 | 4 000 | 2 500 | 5 200   | 24 700  |

**Sanath PLC**

**Statement of Financial Position as at 31.03.2017 and 31.03.2016**

(Rs.'000)

| Asset                           | Note | Amount<br>2017.03.31 | Amount<br>2016.03.31 |
|---------------------------------|------|----------------------|----------------------|
| <b>Non current asset</b>        |      |                      |                      |
| Property, plant and equipment   |      | 18 000               | 15 300               |
| Investment                      |      | 2 000                | 1 000                |
| <b>Current assets</b>           |      |                      |                      |
| Closing Inventory               |      | 2 200                | 1 000                |
| Trade Receivables               |      | 2 500                | 1 500                |
| Treasury bills (03 months)      |      | 500                  | -                    |
| Cash                            |      | 1 700                | 200                  |
| Total Assets                    |      | 26 900               | 19 000               |
| <b>Equity &amp; Liabilities</b> |      |                      |                      |
| Stated capital                  |      |                      |                      |
| Ordinary shares                 |      | 13 000               | 8 000                |
| Reserves                        |      |                      |                      |
| Revaluation reserves            |      | 4 000                | 1 500                |
| General reserves                |      | 2 500                | 2 000                |
| Retained earnings               |      | 5 200                | 4 200                |
| <b>Non-current liabilities</b>  |      |                      |                      |
| Bank loan                       |      | 1 700                | 2 600                |
| <b>Current liabilities</b>      |      |                      |                      |
| Trade Payables                  |      | 500                  | 700                  |
| Total Equity and Liabilities    |      | 26 900               | 19 000               |

**Additional Information :**

1. Interest for bank loan was included under finance expenses.
2. All purchases and sales were on credit term.
3. During the year, equipment cost, Rs, 1000 000 was sold with a profit of Rs. 400 000.
4. Stock as at 31.03.2017 at cost was Rs. 2600 000. Net reliable value of it was estimated as Rs. 2200 000. Stock written of Rs. 400 000 was included under other expenses.

**Sanath PLC**  
**Property, Plant and Equipment**

**(Rs.'000)**

| Description              | Land  | Buildings | Motor vehicles | Equipments | Total   |
|--------------------------|-------|-----------|----------------|------------|---------|
| Balance at 01.04.2016    | 4 500 | 5 800     | 1 200          | 5 700      | 17 200  |
| Additions                | -     | -         | 2 000          | -          | 2 000   |
| Disposal                 | -     | -         | -              | (1 000)    | (1 000) |
| Revaluations             | 2 500 | -         | -              | -          | 2 500   |
| Balance as at 31.03.2017 | 7 000 | 5 800     | 3 200          | 4 700      | 20 700  |
| Accumulated Depreciation |       |           |                |            |         |
| Balance as at 01.04.2016 | -     | 800       | 300            | 800        | 1 900   |
| Deprecation expense      | -     | 400       | 500            | 300        | 1 200   |
| Disposal                 | -     | -         | -              | (400)      | (400)   |
| Balance as at 31.03.2017 | -     | (1 200)   | (800)          | (700)      | (2 700) |
| Carrying Amount          | 7 000 | 4 600     | 2 400          | 4 000      | 18 000  |

**Required :**

Prepare

1. Statement of cash flows using direct method as per LKAS 07
2. Operating cash flows using indirect method as per LKAS 07

By referring the financial statements of Sanath PLC



