

Aufgabe QR-10.3: Kapitalflussrechnung

(Cash Flow Statement)

ALGOA starts his own business by paying 50,000.00 EUR into the bank account on 1.01.20X8. He runs an internet café and agrees in a leasing contract. He pays 12,000.00 EUR as annuity for 10 years. The interest rate is 6 %. The leasing contract qualifies for finance leasing along IAS 17. Consider straight line method for depreciation, there is no residual value to be considered. The amount for initial recognition is 85,000.00 EUR.

ALGOA pays labour 18,000.00 EUR in 20X8. For maintenance and internet access ALGOA pays monthly rates 100.00 EUR including VAT. VAT rate is 20 %. For coffee and miscellaneous materials ALGOA pays 600.00 EUR/m (gross amount). All payments are on cash. At year end there is no closing stock of any materials. During 20X8 ALGOA made as sales revenue 48,000.00 EUR (gross amount) on cash. At the end of 20X8 ALGOA made a drawing 500.00 EUR. Any assets or liabilities related to VAT are paid during 20X9. Income tax and a 50% dividend are paid in 20X8 already. Income tax rate is 30 %.

Required: Set up a cash flow statement. Feel free to use any method that seems convenient to you. **Hint:** For reasons of tax payments and dividend you have to determine profit first. In case you fail to determine the profit assume net profit (EBT) to be 10,000.00 EUR.

Lösung: (Solution)

As there is no gross profit required profit computation can be worked out by the P&L-account easily:

D		PROFIT & LOSS ACC.		C	
20X8	[EUR]	20X8	[EUR]		
Coffee, Mat	6.000,00	Rev	40.000,00		
Int-lease	720,00				
Depr.	8.500,00				
Labour	18.000,00				
Bus. rates	1.000,00				
NP	5.780,00				
	<u>40.000,00</u>				<u>0,00</u>
Income T	1.734,00	NP	5.780,00		
R/E	4.046,00				
	<u>5.780,00</u>				<u>5.780,00</u>

Exhibit 1: Profit and loss account

From the amounts the payments for taxation and dividend can be derived. Income tax is 1,734.00 EUR and dividend declared and paid is $4,046 / 2 = 2,023.00$ EUR.

In order to prepare the cash flow statement draw the bank/cash account. It contains the gross amounts and looks as below:

D		Cash/Bank		C	
20X8	[EUR]	20X8	[EUR]		
Contrib.	50.000,00	Lease	12.000,00		
Sales	48.000,00	Labour	18.000,00		
		Bus rates	1.200,00		
		Coffee +	7.200,00		
		Income T	1.734,00		
		Div	2.023,00		
		c/d	55.843,00		
	<u>98.000,00</u>		<u>98.000,00</u>		
b/d	55.843,00				

Exhibit 2: Bank account

The cash flow statement contains payments for operating expenses, investing, and financing activities only. Cash flows from operating activities are $48,000 - 18,000 - 1,200 - 7,200 - 1,734 = \mathbf{19,866.00 \text{ EUR}}$. Cash flow from investing activities is (12,000.00 EUR), and cash flow resulting from financing activities is $50,000 - 2,023 - 500 = \mathbf{47,477.00 \text{ EUR}}$. See cash flow statement below:

Algoa's CFS for 20X8

	20X8
	[EUR]
CF from operating activities	
Revenue	48.000,00
Labour	(18.000,00)
Bus rates	(1.200,00)
Coffee +	(7.200,00)
Taxation	(1.734,00)
	<u>19.866,00</u>
CF from investing activities	
Leasing	(12.000,00)
	<u>(12.000,00)</u>
CF from financing activities	
Contribution	50.000,00
Drawing	(500,00)
Dividend	(2.023,00)
	<u>47.477,00</u>
Total cash flow:	<u>55.343,00</u>

Exhibit 3: Cash flow statement