

### Aufgabe QR-10.6: Statement of Cash Flows by difference between cash-in and cash-out

(Kapitalflussrechnung aus der Einzahlungs-/Auszahlungsdifferenz)

GERSWEILER Ltd. is a production firm. It produces and sells plastic boxes to other companies. The bookkeeper provides you the information below for 20X3:

- (1) Opening value for materials 30,000.00 EUR
- (2) Purchases on credit during 20X3: 137,000.00 EUR.
- (3) Payments to the suppliers for purchases: 50% of the 137,000.00 EUR mentioned above
- (4) Direct labour, fully paid: 230,000.00 EUR
- (5) Depreciation on machinery for 20X3: 40,000.00 EUR
- (6) Interest paid fully: 18,000.00 EUR
- (7) Sales of boxes for 500,000.00 EUR, paid 80% by the customers.
- (8) Closing stock of boxes: 54,000.00 EUR

**Required: Set up a statement of cash flows by comparison of cash receipts and cash paid. Ignore taxes. Determine the total cash flow and compare your result with the Bank/Cash account in order to check your computation!**

### Lösung (Solution):

Firstly, information about the revenue and the profit is required. For that reason the computation starts by a Profit and loss account (taxation is not required for this task):

D		P&L-Account		C	
20X3	[EUR]	20X3	[EUR]		
Purch	137.000,00	Sales	500.000,00		
OV mat	30.000,00	Δ inv.	54.000,00		
Labour	230.000,00				
Depr.	40.000,00				
Interest	18.000,00				
NP (c/d)	99.000,00				
	<u>554.000,00</u>				<u>554.000,00</u>
TaxL	29.700,00				<u>99.000,00</u>
R/E	69.300,00				
	<u>99.000,00</u>				<u>99.000,00</u>

**Exhibit 1: P&L-Account**

Besides the profit and loss information the business activities are affecting balance sheet items, namely:

- (a) No inventory of raw materials
- (b) In the liability section there is a credit entry in the A/P account after the purchase on credit to be 137,000.00 EUR

- (c) The payment to the suppliers reduce the amount owe the suppliers by 50 % and is  $137,000 \cdot 50\% =$  **68,500.00 EUR** then.
- (d) The sales is 500,000.00 EUR. 20 % of the amount are not paid and are to be displayed on the face of the statement of financial position as A/R:  $500,000 \cdot 20\% =$  **100,000.00 EUR**.
- (e) The closing stock of finished goods is 54,000.00 EUR. The total of changes in inventory is accordingly  $54,000 - 30,000 =$  **24,000.00 EUR**.

The operating cash flow is determined by the computation below:

Gersweiler Ltd's COMPUTATION of OPERATING CASH FLOW for year ended 31.12.20X3		
	[EUR]	[EUR]
<b>Cash receipt from customers</b>		
Gross revenue	500.000,00	
Changes in A/R	<u>(100.000,00)</u>	
		400.000,00
<b>Cash paid to suppliers</b>		
Gross revenue	(500.000,00)	
Profit before taxation	<u>99.000,00</u>	
Expenses for the year	(401.000,00)	
Interest received	0,00	
Interest paid	<u>18.000,00</u>	
	(383.000,00)	
Depreciation	40.000,00	
Profit on sale of non-current assets	0,00	
	<u>(343.000,00)</u>	
Changes in inventory	(24.000,00)	
Changes in A/P	<u>68.500,00</u>	
	(298.500,00)	<u>(298.500,00)</u>
<b>Cash flow from operating activities</b>		<b>101.500,00</b>

**Exhibit 2:** Computation of operating cash flow

The total cash flow is  $101,500 - 18,000 =$  **83,500.00 EUR**.

In order to check the result the bank/cash account is displayed in exhibit 20:

D		Bank/Cash		C	
20X3		[EUR]		20X3	[EUR]
Sales		400.000,00		Purchase	68.500,00
				Labour	230.000,00
				Interest	18.000,00
				c/d	83.500,00
		<u>400.000,00</u>			<u>400.000,00</u>
b/d		83.500,00			

**Exhibit 3:** Bank/Cash account