

Aufgabe 10.18: Statements of Cash Flows

BOSMAN Ltd. is a trading business. The company sells CDs and DVDs. The business is established on 1.01.20X3 by share issue of 50,000.00 EUR (50,000 shares at 1.00 EUR/s). The financial statements for the accounting period 20X7 are given below:

BOSMAN Ltd.'s STATEMENT of FINANCIAL POSITION as at 31.12.20X7			
A			C, L
<i>Non-current assets</i>	[EUR]	<i>Owners' capital</i>	[EUR]
P, P, E	150 000.00	Share capital	50 000.00
Intangibles		Reserves	52 400.00
Financial assets		R/E	35 000.00
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	13 400.00	Interest bear liab	0.00
A/R	500.00	A/P	35 000.00
Prepaid expenses	11 000.00	Provisions	
Cash/Bank	12 500.00	Tax liabilities	15 000.00
	187 400.00		187 400.00

Exhibit 1: Statement of financial position

BOSMAN Ltd. pays 14,000.00 EUR to its shareholders at the beginning of 20X8. The amount is part of the payables as displayed on the balance sheet. Furthermore, the last year's income tax liabilities resulting are paid to the revenue service on 1.01.20X8.

Outstanding amounts from BOSMAN Ltd.'s customers are collected to an extent of 400.00 EUR during 20X8.

In 20X8 BOSMAN Ltd. purchases CDs for 49,500.00 EUR (1.10 EUR/CD) and DVDs for 97,500.00 EUR (1.50 EUR/DVD) on cash. BOSMAN Ltd. sells the CDs for 3.90 EUR/p and DVDs at 7.90 EUR/p. At the beginning of the year the stock results from 4,000 CDs and 6,000 DVDs at the same purchase costs per unit. During 20X8 BOSMAN Ltd. sells 42,000 CDs and 68,000 DVDs. The sales are on cash except of 5 % of sales (with regard to the EUR-amount).

Labour amounts to 390,000.00 EUR/a and is paid during the accounting period it is for. Rent is 11,000.00 EUR/m and is to be paid one month in advance. The prepaid expenses on the balance sheet result from a rent payment in 20X7. From 20X9 onwards (Jan 20X9) rent increases up to 12,000.00 EUR/m which means the prepayment equals to 12,000.00 EUR already.

Depreciation on the shelves amounts to 15,000.00 EUR/a.

Required: Prepare a statement of cash flows (IAS 7) by reconciliation of profit with operative cash flows for the accounting period 20X8. Ignore VAT. There is no appropriation of profit. Income taxes are to be paid in the next year. It is recommended preparing a Cash/Bank account and a Profit and Loss account at least. The first one in order to check your results.

BOSMAN Ltd. ist ein Handelsunternehmen. Das Unternehmen verkauft CDs und DVDs. Das Unternehmen wird am 1.01.20X3 durch Ausgabe von Aktien zu 50.000,00 EUR gegründet (50.000 Aktien zu jeweils 1,00 EUR). Die Bilanz für 20X7 ist unten gegeben:

BOSMAN Ltd.'s STATEMENT of FINANCIAL POSITION as at 31.12.20X7			
A			C, L
<i>Non-current assets</i>	[EUR]	<i>Owners' capital</i>	[EUR]
P, P, E	150 000.00	Share capital	50 000.00
Intangibles		Reserves	52 400.00
Financial assets		R/E	35 000.00
<i>Current assets</i>		<i>Liabilities</i>	
Inventory	13 400.00	Interest bear liab	0.00
A/R	500.00	A/P	35 000.00
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	187 400.00		187 400.00

Exhibit 1: Statement of financial position

BOSMAN Ltd. zahlt seinen Anteilseignern 14.000,00 EUR zu Beginn des Geschäftsjahrs 20X8. Der Betrag ist Bestandteil der Verbindlichkeiten wie in der Bilanz gezeigt. Weiterhin werden die Einkommensteuern aus dem letzten Jahr an die Finanzbehörden am 1.01.20X8 gezahlt.

Ausstehende Beträge von BOSMAN Ltd.s Kunden werden in Höhe von 400,00 EUR während 20X8 eingetrieben.

In 20X8 kauft BOSMAN Ltd. bar CDs für 49.500,00 EUR (1,10 EUR/CD) und bar DVDs für 97.500,00 EUR (1,50 EUR/DVD). BOSMAN Ltd. verkauft die CDs für 3,90 EUR/Stk und DVDs für 7,90 EUR/Stk. Der Anfangsbestand des Geschäftsjahrs besteht aus 4.000 CDs und 6.000 DVDs zu den jeweils gleichen Anschaffungskosten. Während 20X8 verkauft BOSMAN Ltd. 42.000 CDs und 68.000 DVDs. Die Verkäufe sind bis auf 5 % (auf den Betrag bezogen) Barverkäufe.

Die Löhne betragen 390.000,00 EUR/a und werden in der Abrechnungsperiode gezahlt, für die sie sind. Die Miete beträgt 11.000,00 EUR/m und ist einen Monat im Voraus zu zahlen. Die Vorauszahlungen in der Bilanz stammen von der Mietzahlung für 20X7. Ab 20X9 (Januar 20X9) steigt die Miete auf 12.000,00 EUR/m was eine Vorauszahlung von 12.000,00 EUR bereits bedeutet.

Die Abschreibung der Regale beträgt 15.000,00 EUR/a.

Gefragt: Erstellen Sie eine Kapitalflussrechnung nach IAS 7 durch Überleitung des operative Cash Flows aus dem Gewinn für die Abrechnungsperiode 20X8. Ignorieren Sie die Umsatzsteuer. Es gibt keine Gewinnverwendung. Einkommensteuern sind im nächsten Jahr zu zahlen. Es wird

empfohlen ein Kasse/Bank Konto und ein GuV-Konto zu erstellen. Ersteres dient zur Überprüfung Ihrer Ergebnisse.

Solution:

In order to prepare a statement of cash flows along reconciliation method only the cash book and the profit and loss account will be recorded.

The bookkeeping entries are:

- (1) Payment of tax liabilities 15,000.00 EUR
- (2) Transferring prepaid expenses to rent 11,000.00 EUR
- (3) Payment of rent $11 \times 11,000 + 12,000 = \mathbf{133,000.00 \text{ EUR}}$.
- (4) Depreciation as given: 15,000.00 EUR
- (5) Purchases are $49,500 + 97,500 = \mathbf{147,000.00 \text{ EUR}}$.
- (6) The closing stock of CDs is $(4,000 + 49,500/1.10 - 42,000) \times 1.10 = 7,000 \times 1.10 = \mathbf{7,700.00 \text{ EUR}}$.
- (7) The closing stock of DVDs is $(6,000 + 97,500/1.5 - 68,000) \times 1.5 = 3,000 \times 1.5 = \mathbf{4,500.00 \text{ EUR}}$.
- (8) BOSMAN Ltd.'s revenue equals to $42,000 \times 3.90 + 68,000 \times 7.90 = \mathbf{701,000.00 \text{ EUR}}$. The amount paid thereof is $701,000 \times 95\% = \mathbf{665,950.00 \text{ EUR}}$. The amount recorded as receivables is $701,000 \times 5\% = \mathbf{35,050.00 \text{ EUR}}$.
- (9) The payment of the dividend is given to be 14,000.00 EUR.
- (10) Labour amounts to 390,000.00 EUR.
- (11) Collection of receivables equals to 400.00 EUR.

Observe the accounts in exhibit 3:

Cash/Bank				Profit and Loss 20X8			
D			C	D			C
OV	12,500.00	(1)	15,000.00	(3)	132,000.00	(6)	7,700.00
(8)	665,950.00	(3)	133,000.00	(4)	15,000.00	(7)	4,500.00
(11)	400.00	(5)	147,000.00	()	13,400.00	(8)	701,000.00
		(9)	14,000.00	(5)	147,000.00		
		(10)	390,000.00	(10)	390,000.00		
c/d	20,150.00			EBT c/d	15,800.00		
	<u>699,000.00</u>		<u>699,000.00</u>		<u>713,200.00</u>		<u>713,200.00</u>
		b/d	20,150.00	ITax	4,740.00	b/d	15,800.00
				R/E	11,060.00		
					<u>15,800.00</u>		<u>15,800.00</u>

Exhibit 3: BOSMAN Ltd.'s accounts for cash/bank and profit and loss

**BOSMAN Ltd's
RECONCILIATION of EARNINGS
before TAXATION with CFoA
for year ended 31.12.20X8**

Profit for the period	15 800.00
add: depreciation	15 000.00
	30 800.00
Finance payments	0.00
	30 800.00
Changes in working capital	
(1) Changes in A/R	(34 650.00)
(1b) Changes in prepaid exp	(1 000.00)
(2) Changes in inventory	1 200.00
(3a) Income tax paid	(15 000.00)
(3b) Changes in A/P	0.00
	(18 650.00)

Exhibit 5: Reconciliation statement

The changes in the receivables are $-400 + (701,000 \times 5\%) = 34,650.00$ EUR.

The changes with regard to inventory are $7,700 + 4,500 - 13,400 = -1,200.00$ EUR.

The changes in A/P do not contain the dividend paid!

**BOSMAN Ltd.'s STATEMENT of CASH FLOWS
as at 31.12.20X8**

	20X8
	[EUR]
CF from operating activities	
along reconciliation	(18 650.00)
	(18 650.00)
CF from investing activities	
nil	0.00
	0.00
CF from financing activities	
Dividend	(14 000.00)
	(14 000.00)
Total cash flow:	-32 650.00

Exhibit 6: Statement of cash flows

**BOSMAN Ltd.'s
STATEMENT of FINANCIAL POSITION**

A		as at 31.12.20X8		C, L	
<i>Non-current assets</i>		[EUR]		<i>Owners' capital</i>	
P, P, E	135,000.00			Share capital	50,000.00
Intangibles				Reserves	52,400.00
Financial assets				R/E	46,060.00
<i>Current assets</i>				<i>Liabilities</i>	
Inventory	12,200.00			Interest bear liab	0.00
A/R	35,150.00			A/P	21,000.00
Prepaid expenses	12,000.00			Provisions	
Cash/Bank	(20,150.00)			Tax liabilities	4,740.00
		174,200.00			174,200.00

Exhibit 7: Balance Sheet as at 31.12.20X8