

Task IM-10.21: Statement of Cash Flows
(Kapitalflussrechnung)

SÖGEL Ltd started its business by a deposit in the bank account 50,000.00 EUR on 31.12.20X0. The company took a bank loan 350,000.00 EUR which is an annuity. Interest amount to 3.5 %/a and the first pay-off rate on 31.12.20X1 is 1.5 %.

SÖGEL bought machines 100,000.00 EUR on cash on 4.01.20X1 and uses depreciation over the useful life 5 years. The machines suffer from an impairment loss on 31.12.20X1 which is 30,000.00 EUR.

SÖGEL bought materials 45,000.00 EUR. At the end of the accounting period there are still 10,000.00 materials on stock. SÖGEL runs a period system for inventory valuation.

Rent amounts to 20,000.00 EUR. SÖGEL pays for labour 120,000.00 EUR.

The customers bought goods from SÖGEL 200,000.00 EUR and paid half of the amount already. The other half is to be paid in the next accounting period.

Required: Prepare a statement of financial position, a profit and loss account, and a statement of cash flows. Derive the latter one by comparison of the opening balance sheet and the statement of financial position at yearend 20X1. (Delta-SFP) Ignore VAT.

Solution

Observe the bookkeeping entries below:

Cash/Bank				SCap				IBL			
D		C		D		C		D		C	
OV	50.000,00	(2)	12.250,00	c/d	50.000,00	OV	50.000,00	(3)	5.250,00	(1)	350.000,00
(1)	350.000,00	(3)	5.250,00			b/d	50.000,00	c/d	344.750,00		
(10)	100.000,00	(4)	100.000,00						350.000,00		350.000,00
		(7)	45.000,00							b/d	344.750,00
		(8)	20.000,00								
		(9)	120.000,00								
		c/d	197.500,00								
	500.000,00		500.000,00								
b/d	197.500,00										
Interest				PPE				Purchase			
D		C		D		C		D		C	
(2)	12.250,00	c/d	12.250,00	(4)	100.000,00	c/d	100.000,00	(7)	45.000,00	c/d	45.000,00
b/d	12.250,00	P&L	12.250,00	b/d	100.000,00			b/d	45.000,00	P&L	45.000,00
Depr				Acc Depr				IL			
D		C		D		C		D		C	
(5)	20.000,00	c/d	20.000,00	c/d	20.000,00	(5)	20.000,00	(6)	30.000,00	c/d	30.000,00
b/d	20.000,00	P&L	20.000,00	b/d	20.000,00			b/d	30.000,00	P&L	30.000,00
Acc IL				Rent				Labour			
D		C		D		C		D		C	
c/d	30.000,00	(6)	30.000,00	(8)	20.000,00	c/d	20.000,00	(9)	120.000,00	c/d	120.000,00
		b/d	30.000,00	b/d	20.000,00	P&L	20.000,00	b/d	120.000,00	P&L	120.000,00
Revenue				A/R				P&L			
D		C		D		C		D		C	
c/d	200.000,00	(10)	200.000,00	(10)	100.000,00	c/d	100.000,00	Int	12.250,00	Rev	200.000,00
P&L	200.000,00	b/d	200.000,00	b/d	100.000,00			Purch	45.000,00	Cl.St.	10.000,00
								Depr	20.000,00		
								IL	30.000,00		
								Rent	20.000,00		
								Labour	120.000,00	EBTc/d	37.250,00
									247.250,00		247.250,00
								b/d	37.250,00	R/E	37.250,00
Inv				R/E							
D		C		D		C					
P&L	10.000,00	c/d	10.000,00	P&L	37.250,00	c/d	37.250,00				
b/d	10.000,00			b/d	37.250,00						

Exhibit 1: Accounts

A Sögel's SFP 31 Dec 20X1				C,L	
N-cur Assets		[EUR]		SHs' capital	
P,P,E		50.000		Issued capital	50.000
Int, assets				Reserves	
Fin. assets				Retained ear.	-37.250
cur Assets				Liabilities	
Inventory		10.000		Int. bear. liab.	344.750
Receivables		100.000		Payables	
Prepaid exp.				Provisions	
Cash		197.500		Def. income	
				Tax liabilities	
		<u>357.500</u>			<u>357.500</u>

Exhibit 2: Statement of financial position

A	Δ-B/S for 20X1		C,L
	[EUR]		[EUR]
Assets (+)		SH's capital (+)	
Δ P,P,E	50.000	Δ R/E	-37.250
Δ Cash	147.500		
Δ Inv	10.000		
Δ A/R	100.000	Liabilities (+)	
		Δ Int. bear. liab.	344.750
		Δ Tax liabilities	0
	<u>307.500</u>		<u>307.500</u>

Exhibit 3: Delta SFP

A	Δ-B/S for 20X1		C,L
	[EUR]		[EUR]
Assets (+)		SH's capital (+)	
Δ P,P,E		Δ R/E	
Δ Cash	147.500		
Δ Inv	10.000		
Δ A/R	100.000	Liabilities (+)	
		Δ Int. bear. liab.	344.750
		Δ Tax liabilities	0
	<u>37.250</u>		
Δ R/E	37.250	Depr	20.000
Acquisition	100.000	IL	30.000
	<u>394.750</u>		<u>394.750</u>

Exhibit 4: Delta-SFP

A	Δ-B/S for 20X1	C,L
	[EUR]	[EUR]
Assets (+)		SH's capital (+)
Δ P,P,E		Δ R/E
Δ Cash	147.500	
Δ Inv		
Δ A/R	100.000	Liabilities (+)
		Δ Int. bear. liab.
		344.750
		Δ Tax liabilities
		0
Δ R/E		Depr
Acquisition	100.000	20.000
		IL
		30.000
Interest	12.250	Rev
Purch	45.000	200.000
Depr	20.000	Cl. Stock
IL	30.000	
Rent	20.000	
Labour	120.000	
	<u>594.750</u>	<u>594.750</u>

Exhibit 5: Delta-SFP

A	Δ-B/S for 20X1	C,L
	[EUR]	[EUR]
Assets (+)		SH's capital (+)
Δ P,P,E		Δ R/E
Δ Cash	147.500	
Δ Inv		
Δ A/R		Liabilities (+)
		Δ Int. bear. liab.
		344.750
		Δ Tax liabilities
		0
Δ R/E		Depr
Acquisition	100.000	IL
Interest	12.250	Rev
Purch	45.000	Cl. Stock
Depr		
IL		
Rent	20.000	
Labour	120.000	
	<u>444.750</u>	Rev
		<u>100.000</u>
	<u>444.750</u>	<u>444.750</u>

Exhibit 6: Delta-SFP

CFS for 20X1	
	[EUR]
CF from Operating Activities	
Revenue	100.000,00
Rent	(20.000,00)
Labour	(120.000,00)
Purchase	(45.000,00)
	<u>(85.000,00)</u>
CF from Investing Activities	
Investment (1)	(100.000,00)
	<u>(100.000,00)</u>
CF from Financing Activities	
Bank Loan (5)	350.000,00
Interest	(12.250,00)
Pay-off	(5.250,00)
	<u>332.500,00</u>
Total Cash Flow:	<u>147.500,00</u>

Exhibit 7: Statement of cash flows