

Falylk Ltd Statement of Financial Position as at 31 December 2016

	2016 €'000	2015 €'000
Non-Current Assets		
Property, Plant & Equipment (PPE)	5,120	3,940
Total Non-Current Assets	5,120	3,940
Current Assets		
Inventories	1,380	1,220
Trade Receivables	780	680
Cash & Cash Equivalents	50	112
Total Current Assets	2,210	2,012
Total Assets	7,330	5,952
Equity & Liabilities		
Equity		
Share Capital	240	200
Share Premium	60	50
Retained Earnings	3,798	2,402
Revaluation Surplus	120	80
Total Equity	4,218	2,732
Non-Current Liabilities		
Long Term Loan	1,500	1,600
Total Non-Current Liabilities	1,500	1,600
Current Liabilities		
Trade Payables	1,470	1,500
Bank Overdraft	32	60
Current Tax Payables	110	60
Total Current Liabilities	1,612	1,620
Total Equity & Liabilities	7,330	5,952

Notes:

- (i) The company's profit for the year before tax amounted to €1,476,000.
- (ii) The company's income tax expense for the year was €80,000.
- (iii) The cost of Property, Plant & Equipment (PPE) at 1 January 2016 amounted to €4,860,000. The company's depreciation policy is to depreciate all assets at 20% straight line on cost from the date of purchase to the date of sale. The additions to PPE occurred on 31 December 2016. On 1 July 2016, the company sold PPE which originally had cost €1,000,000. On the date this PPE was sold, its carrying value was €600,000 and the firm made a loss on the sale of the PPE of €40,000. The revaluation was performed on 31 December 2016.
- (iv) The company's finance cost for the year equals its cash payment of €92,000.

REQUIREMENT:

Prepare a Statement of Cash Flows for the year-ended 31 December 2016 for Falylk Ltd in accordance with IAS 7 *Statement of Cash Flows*.

[Total: 20 Marks]

SOLUTION 5

Falyk Limited Statement of Cash flows for the year ended 31 December 2016

Cash flows from Operating Activities		€'000	€'000	
Profit before Taxation		1,476		1.00
Adjustments for				
Depreciation		872		2.00
Loss on Sale of PPE		40		1.00
Interest Expense		92		1.00
		<u>2,480</u>		
Increase in Inventories	-	160		1.00
Increase in Trade Receivables	-	100		1.00
Decrease in Trade Payables	-	30		1.00
Cash Generated from Operations		<u>2,190</u>		
Interest Paid	-	92		0.50
Income Taxes Paid	-	30		1.50
Net Cash from Operating Activities			2,068	1.00
Cash flows from Investing Activities				
Payments to acquire Property, Plant & Equipment	-	2,612		3.00
Receipts from sale of Property, Plant & Equipment		560		1.00
Net Cash used in Investing Activities			- 2,052	1.00
Cash flows from Financing Activities				
Proceeds from Issue of Shares		50		1.00
Payments due to decrease in Long Term Loan	-	100		1.00
			<u>- 50</u>	1.00
Net Increase in Cash & Cash Equivalents			- 34	
Cash & Cash Equivalents at beginning of Year	Note 1		<u>52</u>	
Cash & Cash Equivalents at end of Year	Note 1		<u><u>18</u></u>	1.00
Note 1		2016	2015	
		€'000	€'000	
Cash on hand and balances with bank		50	112	
Bank Overdraft		- 40	- 60	
Cash and Cash Equivalents		<u><u>10</u></u>	<u><u>52</u></u>	
TOTAL MARKS				20.00