# 5 - Statement of Cash Flows

A cash flow statement is intended to disclose the information on actual movement of cash in the business during the financial year. It helps to assess the liquidity of the business and to judge the quality of profit earned by the business which can not to be assessed from the Income statement (Trading, Profit and Loss account) and Balance Sheet.

The cash flow statement outlines the sources of cash received and specifies activities on which the cash was spent. It explains why business has overdrawn from the bank in a year although it has earned a good amount of profit.

The cash flow statement is a bridge between the two balance sheets and it explains in details the changes took place during the year.

**Why is Cash flow Statement important?**

The statement of cash flows tells you how much cash went into and out of a company during a specific time frame such as a quarter or a year. You may wonder why there's a need for such a statement because it sounds very similar to the income statement, which shows how much revenue came in and how many expenses went out.

The difference lies in a complex concept called accrual accounting. Accrual accounting requires companies to record revenues and expenses when transactions occur, not when cash is exchanged. While that explanation seems simple enough, it's a big mess in practice, and the statement of cash flows helps investors sort it out.

The statement of cash flows is very important to investors because it shows how much actual cash a company has generated. The income statement, on the other hand, often includes noncash revenues or expenses, which the statement of cash flows excludes.

One of the most important traits you should seek in a potential investment is the firm's ability to generate cash. Many companies have shown profits on the income statement but stumbled later because of insufficient cash flows. A good look at the statement of cash flows for those companies may have warned investors that rocky times were ahead.

**The Three Elements of the Statement of Cash Flows** Because companies can generate and use cash in several different ways, the statement of cash flows is separated into three sections: cash flows from operating activities, from investing activities, and from financing activities.

**The cash flows from operating activities** section shows how much cash the company generated from its core business, as opposed to other activities such as investing or borrowing. Investors should look closely at how much cash a firm generates from its operating activities because it paints the best picture of how well the business is producing cash that will ultimately benefit shareholders.

**The cash flows from investing activities** section shows the amount of cash firms spent on investments. Investments are usually classified as either capital expenditures--money spent on items such as new equipment or anything else needed to keep the business running--or monetary investments such as the purchase or sale of money market funds.

**The cash flows from financing activities** section includes any activities involved in transactions with the company's owners or debtors. For example, cash proceeds from new debt, or dividends paid to investors would be found in this section.

**To summarize**

The cash flow statement helps the shareholders, investors and others users in assessing

* Company's ability to generate cash internally (operating activites) to meet its obligations and to pay dividends
* The causes of changes in liquidity (cash inflows and outflows)
* Whether the business can generate to cash to service finance and pay taxes and also maintain its fixed assets
* How much the business is relied on long term finance
* How much cash has been raised externally
* Indication of future cash flows for capital investments
* Reconciles profitability with liquidity

**What is the Difference between Cash budget and Cashflow statements?**

| Cash flow Statements | Cash Budgets |
|---|---|
| Based on Actual transactions | Based on Future estimates |
| Based on Strict format | Prepared as per company's policy |
| Published for external users eg Shareholders, lenders, | It is for managements internal use |
| It is required by law to make cash flow | No legal Requirement. |

**Cash Flow from Operating Activities**

| | $ | $ |
|---|---|---|
| Operating Profit (PBIT) | | XXX |
| **Adjustments** | | |
| Add back: Depreciation | XX | |
| Loss on Disposal | XX | |
| Increase in Provisions | XX | |
| Less: Gain on Disposal | (XX) | |
| Decrease in Provisions | (XX) | XXX |
| **Working Capital Changes** | | |
| Increase in Inventory | (XX) | |
| Increase in Receivables | (XX) | |
| Increase in Payables | XX | XXX |
| | | |
| | | |
| Less: Interest Paid | XX | |
| Tax Paid | XX | (XXX) |
| **Net Cash flow from / (Used) in Operating Activities** | | **XXX** |

| **Cash flow from Investing Activities** | | |
|---|---|---|
| | **$** | **$** |
| Purchase of NCA / Other investments | | (XXX) |
| Sale of NCA / Other investments | | XXX |
| Dividends received from investments | | XXX |
| **Net Cash flow from / (Used) in Investing Activities** | | **XXX** |

| **Cash flow from Financing Activities** | | |
|---|---|---|
| | **$** | **$** |
| Issue of Shares / Debentures | | XXX |
| Redemption of Shares / Debentures | | (XXX) |
| Dividend Paid | | (XX) |
| **Net Cash flow from / (Used) in Financing Activities** | | **XXX** |

| | | $ |
|---|---|---|
| Net Increase / (Decrease) in Cash / Cash Equivalents | | **XX/(XX)** |
| Cash / Cash Equivalents as at **start** of the year | | **XX/(XX)** |
| Cash / Cash Equivalents as at **end** of the year | | **XXX/(XX)** |

## Statement of Cash flows

**Q1.** Swamp Circus plc provides the following information:

**Statements of financial position at**

| | **31 March 2012** | | | **31 March 2011** | | |
|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 |
| **Non-current assets** | | | | | | |
| **Intangible** | | | | | | |
| Patents | | | 220 | | | 180 |
| **Tangible** | | | | | | |
| Property | | | 2 400 | | | 1 700 |
| Equipment | | | 920 | | | 610 |
| | | | 3 540 | | | 2 490 |
| **Current assets** | | | | | | |
| Inventory | | 480 | | | 509 | |
| Trade receivables | | 611 | | | 569 | |
| Cash and cash equivalents | | 79 | | | – | |
| | | 1 170 | | | 1 078 | |
| **Current liabilities** | | | | | | |
| Trade payables | 512 | | | 501 | | |
| Other payables | 76 | | | 54 | | |
| Taxation | 220 | | | 195 | | |
| Cash and cash equivalents | – | 808 | | 71 | 821 | |
| | | | 362 | | | 257 |
| | | | 3 902 | | | 2 747 |
| **Non-current liabilities** | | | | | | |
| Debentures | | | 500 | | | 400 |
| | | | 3 402 | | | 2 347 |
| **Equity** | | | | | | |
| Ordinary share capital | | | 1 500 | | | 1 200 |
| Revaluation reserve | | | 700 | | | - |
| General reserve | | | 400 | | | 200 |
| Retained earnings | | | 802 | | | 947 |
| | | | 3 402 | | | 2 347 |

**Income statement for the year ended 31 March 2012**

| | $000 |
|---|---|
| Profit from operations | 636 |
| Finance charges | 61 |
| | 575 |
| Taxation | 220 |
| Profit for the year attributable to equity holders | 355 |

**Additional information:**

1 During the year the directors transferred $200000 to the general reserve and paid dividends of $300 000.

2 At 31 March 2011 equipment had cost $905000 and was shown after the provision of $295000 depreciation. At 31 March 2012 equipment had cost $1 240 000 and depreciation of $320 000 had been provided.

3 During the year equipment which had cost $172 000 was sold for $90000. Depreciation of $101 000 had been provided on it.

4 Other payables include $21000 unpaid interest at 31 March 2012 and $11000 unpaid interest at 31 March 2011.

5 During the year an issue of both ordinary shares and debentures had taken place, and the property had been re-valued.

**REQUIRED**

**(a)** Prepare a statement of changes in equity for the year ended 31 March 2012. [13]

**(b)** Prepare a statement of cash flows in accordance with the provisions of IAS 7 for the year ended 31 March 2012. [21]

**(c)** Describe the treatment of a proposed final dividend in the financial statements. Give the reason for this treatment. [4]

**(d)** Name **one** item included in a statement of changes in equity which would not appear in a statement of recognised income and expenses. [2]

**[Total: 40]**

**Q2.** Smilbo Smaggins plc has been manufacturing cutlery for many years. It provided the following financial statements:

**Statements of financial position at 30 April**

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Non-current assets** | | | | |
| Plant and machinery | | 82 500 | | 64 900 |
| Office equipment | | 34 519 | | 38 355 |
| | | 117 019 | | 103 255 |
| **Current assets** | | | | |
| Inventories | 18 758 | | 16 521 | |
| Trade receivables | 17 623 | | 12 517 | |
| Cash and cash equivalents | 27 754 | | 6 459 | |
| | | 64 135 | | 35 497 |
| Total assets | | 181 154 | | 138 752 |
| **Current liabilities** | | | | |
| Trade payables | 22 758 | | 18 654 | |
| Taxation | 5 350 | | 4 200 | |
| | | 28 108 | | 22 854 |
| **Non-current liabilities** | | | | |
| 4% Debentures 2020 | | 30 000 | | 50 000 |
| Net assets | | 123 046 | | 65 898 |

| | 2012 | 2011 |
|---|---|---|
| **Equity** | | |
| Ordinary share capital | 60 000 | 40 000 |
| Share premium | 18 000 | 8 000 |
| Retained earnings | 45 046 | 17 898 |
| | 123 046 | 65 898 |

**Income statement for the year ended 30 April 2012**

| | $ |
|---|---|
| Revenue | 396 672 |
| Cost of sales | 259 329 |
| **Gross profit** | 137 343 |
| Distribution costs | 32 357 |
| Administrative expenses | 70 438 |
| **Profit from operations** | 34 548 |
| Finance costs | 1 600 |
| Profit before taxation | 32 948 |
| Taxation | 5 800 |
| **Profit attributable to equity holders** | 27 148 |

**Additional information:**

1 The debentures were redeemed at par.

2 Plant and machinery costing $27 500 was sold during the year for $10 000. It had been depreciated by $19 600.

3 Additional machinery was purchased at a cost of $35 000. There is no depreciation charge in the year of acquisition.

4 There were no acquisitions or disposals of office equipment during the year.

**REQUIRED**

**(a)** Prepare a statement to show the net cash flow from operating activities. [16]

**(b)** Prepare a statement of cash flows for the year ended 30 April 2012 in accordance with IAS 7. [13]

**Q3.** The following are the summarized Statement of Financial position for Power plc as at 31 March.

| | 2007 | | 2008 | |
|---|---|---|---|---|
| **Non Current Assets** | **$** | **$** | **$** | **$** |
| Premesis | | 1 500 000 | | 2 200 000 |
| Machinery | | 620 000 | | 740 000 |
| Motor vehicles | | 240 000 | | 215 000 |
| | | 2 360 000 | | 3 155 000 |
| **Current assets** | | | | |
| Inventory | 78 000 | | 84 000 | |
| Trade Receivables | 56 000 | | 66 000 | |
| Bank | 28 000 | | 17 000 | |
| | 162 000 | | 167 000 | |
| **Trade Payables due in less than one year** | | | | |
| Trade Payables | 42 000 | | 78 000 | |
| Corporation tax | 38 000 | | -- | |
| Bills Owing | 56 000 | | 68 000 | |
| | 136 000 | | 146 000 | |

| | | |
|---|---|---|
| Net Current assets | 26 000 | 21 000 |
| Total assets less Current liabilities | 2 386 000 | 3 176 000 |
| **Capital and reserves** | | |
| $1 Ordinary share | 1800 000 | 2 300 000 |
| Share premium | 300 000 | 120 000 |
| Revaluation reserve | -- | 700 000 |
| General reserve | 10 000 | 10 000 |
| Profit and loss | 276 000 | 46 000 |
| | 2 386 000 | 3 176 000 |

**Additional information:**

(a) In January 2008 machinery costing $165 000 had been purchased. There were no disposals of machinery during the financial year.

(b) A motor vehicle with a book value of $20 000 had been sold during November 2007 for $3000. This had been immediately replaced by a new motor vehicle costing $12 000.

(c) An interim dividend of $13 000 was paid in October 2007.

(d) Premises were revalued in August 2007.

(e) In June 2007 there was a bonus share of on Ordinary share for every ten held at 31 March 2007. This was affected by using part of the Share premium.

**REQUIRED:**

(a) The cash flow statement in accordance with good accounting practice for the year ended 31 March 2008.

**Q4.** The directors of Khan plc provided the following information:

| Statement of Financial position at | 30 June 2007 | | 30 June 2008 | |
|---|---|---|---|---|
| | $ 000 | $ 000 | $ 000 | $ 000 |
| **Tangible Non-Current Assets** | | | | |
| Freehold land and buildings (note 1) | | 960 | | 1225 |
| Plant and machinery (note 2) | | 490 | | 652 |
| Vehicles (note 3) | | 265 | | 239 |
| Investments | | 90 | | 120 |
| | | 1805 | | 2236 |
| **Current assets** | | | | |
| Inventory | 453 | | 597 | |
| Trade Receivables | 181 | | 165 | |
| Bank balance | 46 | | -- | |
| | 680 | | 762 | |
| **Trade Payables: amounts falling due in less than one year** | | | | |
| Trade Payables | (203) | | (186) | |
| Bank overdraft | -- | | (39) | |
| Expense Owings | (69) | | (52) | |
| Taxation | (220) | 188 | (60) | 425 |
| | | 1993 | | 2661 |
| **Trade Payables: amounts falling due in more than one year** | | | | |
| 8% debentures (2008) (note 4) | | (450) | | -- |
| 9% debentures (2033) | | -- | | (500) |
| | | 1543 | | 2161 |
| **Share capital and reserves** | | | | |
| Ordinary share of $ 0.50 each fully paid (note 5) | 650 | | | 950 |
| 6% redeemable Preference share (note 6) | 400 | | | -- |
| Share premium account | 300 | | | 580 |
| Revaluation reserve | -- | | | 290 |
| Profit and loss account | 193 | | | 341 |
| | 1543 | | | 2161 |

Notes to the Statement of Financial position

Note 1

| | **30 June 2007** | **30 June 2008** |
|---|---|---|
| Freehold land and buildings | $ 000 | $ 000 |
| Cost | 1200 | -- |
| Valuation | -- | 1250 |
| Accumulated depreciation | 240 | 25 |
| Net book value | 960 | 1225 |

During the year ended 30 June 2008 the freehold land and buildings were revalued at $ 1 250 000. There were no disposals of freehold land or buildings during the year.

Note 2

| | 30 June 2007 | 30 June 2008 |
|---|---|---|
| Plant and machinery | $ 000 | $ 000 |
| Cost | 769 | 981 |
| Depreciation | 279 | 329 |
| Net book value | 490 | 652 |

There were no disposals of plant or machinery during the year.

Note 3

| | 30 June 2007 | 30 June 2008 |
|---|---|---|
| Vehicles | $ 000 | $ 000 |
| Cost | 425 | ? |
| Depreciation | 160 | ? |
| Net book value | 265 | 239 |

During the year ended 30 June 2008 vehicles costing $ 124 000 were sold for $ 18 000. The accumulated depreciation on these vehicles to 30 June 2007 amounted to $ 110 000. Vehicles costing $ 218 000 were purchased during the year.

Note 4

The 8% debentures (2008) were redeemed on 30 June 2008. They had originally been issued on 1 July 1993. An issue of $ 500 000 9% debentures was made on 1 July 2007.

Note 5

600 000 Ordinary share of $ 0.50 each were issued at $ 1 each on 16 June 2008; all monies due were received by 30 June 2008.

Note 6

The proceeds of the Ordinary share issue were used to redeem the redeemable Preference share on 30 June 2008 at a premium of $ 0.05. The Preference shares were originally issued at $ 1.10 each. A final dividend of $ 24 000 on the Preference shares was paid on that date.

**Additional information:**

Final Dividend of $45000 for the year ended 30 June 2007 paid on 31 October 2007.

An interim ordinary dividend of $ 34 000 was paid on 11 February 2008.

Final Dividend of $54000 for the year ended 30 June 2008 is to be paid next year.

**REQUIRED:**

(a) Calculate the company's trading profit before interest and tax for the year ended 30 June 2008.

(b) Prepare a cash flow statement for the year ended 30 June 2008 in accordance with current accounting practice.

**Q5.** Hyung Ltd has the following statements of financial position

| | At 31 March 2012 | | At 31 March 2011 | |
|---|---|---|---|---|
| | | $000 | | $000 |
| **Non-current assets (note 1)** | | 1 700 | | 1 260 |
| **Current assets** | | | | |
| Inventories | 108 | | 82 | |
| Trade receivables | 90 | | 72 | |
| Cash and cash equivalents | – | | 174 | |
| | 198 | | 328 | |
| **Current liabilities** | | | | |
| Trade payables | 52 | | 108 | |
| Cash and cash equivalents | 41 | | – | |
| | 93 | | 108 | |
| | | 105 | | 220 |
| Total assets less current liabilities | | 1 805 | | 1 480 |
| **Non-current liabilities** | | | | |
| 8% Debentures 2010-2020 | | 120 | | 200 |
| | | 1 685 | | 1 280 |
| **Equity and reserves** | | | | |
| Ordinary shares of $1 fully paid | | 1 400 | | 1 000 |
| Share premium | | 70 | | 50 |
| General reserve | | 200 | | 200 |
| Retained profits | | 15 | | 30 |
| | | 1 685 | | 1 280 |

**Notes**

1. Non-current assets

| | Freehold Property | Motor Vehicles | Total |
|---|---|---|---|
| | $000 | $000 | $000 |
| At cost | | | |
| At 31 March 2011 | 2 000 | 370 | 2 370 |
| Additions | | 808 | 808 |
| Disposals | | (240) | (240) |
| At 31 March 2012 | 2 000 | 938 | 2 938 |
| Provisions for depreciation | | | |
| At 31 March 2011 | 910 | 200 | 1 110 |
| Disposals | - | (108) | (108) |
| Charge for the year | 100 | 136 | 236 |
| At 31 March 2012 | 1 010 | 228 | 1 238 |
| Net book value at 31 March 2011 | 1 090 | 170 | 1 260 |
| Net book value at 31 March 2012 | 990 | 710 | 1 700 |

2. Proceeds from the sale of fixed assets

| | $ |
|---|---|
| Motor Vehicles | 130,000 |

3. No dividends were paid during the year.

**REQUIRED**



**(a)** Prepare, in accordance with IAS 7, a statement of cash flows for the year ended 31 March 2012. [24]

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**(b)** Explain the difference between cash and profit. [2]

**Q6.** The directors of Hank Limited provide the following statements of financial position at 31 March:

| | 2016 | 2015 |
|---|---|---|
| | $000 | $000 |
| Assets | | |
| Non-current assets (net book value) | 259 | 224 |
| Current assets | | |
| Inventories | 128 | 102 |
| Trade receivables | 132 | 118 |
| Cash and cash equivalents | – | 14 |
| | 260 | 234 |
| Total assets | 519 | 458 |
| | | |
| Equity and Liabilities | | |
| Equity | | |
| Share capital | 210 | 180 |
| Share premium | 15 | – |
| Retained earnings | 107 | 131 |
| | 332 | 311 |
| Non-current liabilities | | |
| Bank loan (repayable 2020) | 42 | 20 |
| Current liabilities | | |
| Trade payables | 102 | 109 |
| Bank overdraft | 23 | – |
| Other payables – taxation | 20 | 18 |
| | 145 | 127 |
| Total equity and liabilities | 519 | 458 |

Additional information

The following information relates to the year ended 31 March 2016:

1. The profit from operations was $30 000.
2. During the year non-current assets with a cost of $24 000 and accumulated depreciation of $19 000 were sold for $8000.
3. The depreciation charge for the year was $12 000. All non-current assets held at the end of the financial year are depreciated over 25 years using the straight-line method.
4. Interest paid for the year was $9000.
5. Dividends paid during the year were $25 000. A dividend of $30 000 had been proposed at the end of the year.
6. The taxation charge was $20 000.

**REQUIRED**

**(a)** Explain the difference between a statement of cash flows and a cash budget. [2]

**(b)** Prepare a statement of cash flows for Hank Limited for the year ended 31 March 2016 in accordance with IAS 7. [10]

**(c)** Explain with reference to the statement of cash flows whether Hank Limited has a strong or a weak cash position. [4]

**(d)** Prepare a summarised schedule of non-current assets as it would appear as a note in the published accounts for the year ended 31 March 2016. [5]

**(e)** Advise the directors whether or not they should apply the International Accounting Standards when preparing the published accounts. Justify your answer. [4]

**[Total: 25]**

**Q7.** The following extract from the income statement has been prepared for Asteroid plc for the year ended 30 June 2014.

| | $000 |
|---|---|
| Revenue | 11 735 |
| Cost of sales | (5 872) |
| Gross profit | 5 863 |
| Dividends received | 750 |
| Gain on disposal of non-current asset | 395 |
| Distribution costs | (2 138) |
| Administrative expenses | (1 574) |
| Profit from operations | 3 296 |

On 1 May 2014 the directors issued $5 625 000 8% debentures redeemable in 2022.

The estimated tax liability for the year was $782 000.

**REQUIRED**

**(a)** Calculate the finance costs which would be entered in the income statement. [3]

**(b)** Calculate the profit before taxation and profit attributable to equity holders. [2]

## Additional information

The last two statements of financial position were as follows:

Statement of financial position at 30 June

| | 2014<br>$000 | 2013<br>$000 |
|---|---|---|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment (net book value) | 19735 | 10 509 |
| | 19735 | 10 509 |
| Current assets | | |
| Inventories | 2048 | 1 659 |
| Trade receivables | 1562 | 1 158 |
| Cash and cash equivalents | 454 | |
| | 4064 | 2817 |
| Total assets | 23799 | 13326 |
| Equity and Liabilities | | |
| Equity | | |
| Ordinary share capital ($1) | 4000 | 3000 |
| Share premium | 2000 | 1500 |
| Retained earnings | 9627 | 7338 |
| Total equity | 15627 | 11838 |

| | | |
|---|---|---|
| Non-current liabilities | | |
| 8% Debentures (2022) | 5625 | - |
| Current liabilities | | |
| Trade payables | 1735 | 796 |
| Taxation | 812 | 609 |
| Bank overdraft | | 83 |
| | 2547 | 1488 |
| Total liabilities | 8172 | 1488 |
| Total equity and liabilities | 23799 | 13326 |

Other information is as follows:

1 During the year the company paid total dividends of $150 000.

2 During the year property, plant and equipment costing $840 000 was sold. The accumulated depreciation on this property, plant and equipment was $715 000.

3 The total depreciation charge for the year was $2 050 000.

**REQUIRED**

**(c)** Prepare a statement to show the net cash from operating activities for the year ended 30 June 2014. [12]

**(d)** Prepare a statement of cash flows for the year ended 30 June 2014 in accordance with IAS 7. [16]

**Q8.** The financial statements of Hollywood are given below.

| **Statements of financial position at:** | **30 September 20X3** | | **30 September 20X2** | |
|---|---|---|---|---|
| | $000 | $000 | $000 | $000 |
| **Non-current tangible assets:** | | 634 | | 510 |
| **Current assets:** | | | | |
| Inventory | 420 | | 460 | |
| Trade receivables | 390 | | 320 | |
| Interest receivable | 4 | | 9 | |
| Investments | 50 | | 0 | |
| Cash in bank | 75 | | 0 | |
| Cash in hand | 7 | | 5 | |
| | | 946 | | 794 |
| Total assets | | 1,580 | | 1,304 |
| **Capital and reserves:** | | | | |
| Ordinary shares $0.50 each | 363 | | 300 | |
| Share premium | 89 | | 92 | |
| Revaluation reserve | 50 | | 0 | |
| Retained profits | 63 | | (70) | |
| | | 565 | | 322 |
| **Non-current liabilities:** | | | | |
| 10% loan notes | 0 | | 40 | |
| 5% loan notes | 329 | | 349 | |
| | | 329 | | 389 |

**Current liabilities:**

| | | | | |
|---|---|---|---|---|
| Bank overdraft | 0 | | 70 | |
| Trade payables | 550 | | 400 | |
| Income tax | 100 | | 90 | |
| Accruals | 36 | | 33 | |
| | | 686 | | 593 |
| | | 1,580 | | 1,304 |

**Income statement for the year to 30 September 20X3**

| | | |
|---|---|---|
| | $000 | $000 |
| Revenue | | 2,900 |
| Cost of sales | | (1,734) |
| Gross profit | | 1,166 |
| Administrative expenses | 342 | |
| Distribution costs | 520 | |
| | | (862) |
| Profit from operations | | 304 |
| Income from investments | 5 | |
| Finance cost | (19) | |
| | | (14) |
| Profit before tax | | 290 |
| Income tax expense | | (104) |
| Net profit for the period | | 186 |

### Hollywood - Other comprehensive income for the year ended 30 September 20X3

| | $000 |
|---|---|
| Profit for the year | 186 |
| **Other comprehensive income** | |
| Gain on property revaluation | 50 |
| **Total comprehensive income for the year** | 236 |

**Additional information:**

(1) On 1 October 20X2, Hollywood issued 60,000 $0.50 ordinary shares at a premium of 100%. The proceeds were used to finance the purchase and cancellation of all its 10% loan notes and some of its 5% loan notes, both at par. A bonus issue of one for ten shares held was made on 1 November 20X2; all shares in issue qualified for the bonus.

(2) The current asset investment was a 30-day government bond.

(3) Non-current tangible assets include certain properties which were revalued in the year.

(4) Non-current tangible assets disposed of in the year had a carrying value of $75,000; cash received on disposal was $98,000.

(5) Depreciation charged for the year was $87,000.

(6) The accruals balance includes interest payable of $33,000 at 30 September 20X2 and $6,000 at 30 September 20X3.

(7) Interim dividends paid during the year were $53,000.

**Prepare, for the year ended 30 September 20X3, a statement of cash flows using the indirect method and an analysis of cash and cash equivalents.**