

The following data is extracted from the books of Al-Noor Company for the year 2018 (amounts in dinars):

Income statement Trade company in 31/12/2016

Details	Total
Net Sales	1000000
-Cost of Sales	565000
=Gross Income	435000
-Operating Expenses	321000
=Net Operating Income	114000
+Other Revenues	15000
-Other Expenses	2000
=Net Income Before Tax	127000
-Income Tax(20)	25400
=Net Income After Tax	101600

Financial statement Trade company in 31/12

Assets	2015	2016	Liabilities and Owners equity	2015	2016
Current Assets			Current Liabilities		
Cash	51000	80000	Short Term Loans		
Debtors	50000	130000	Creditors	100000	80000
Investment	15000	20000			
Capture papers	10000	6000			
Inventory	9000	14000			

Total Current Assets	135000	250000			
Fixed Assets			Long Term Liabilities		
Lands	100000	80000	Long Term Loans	150000	170000
Buildings	100000	100000	Total Liabilities	250000	250000
Machinery and equipment	10000	20000	Owners Equity		
Cars	135000	200000	Capital	110000	200000
Total Fixed Assets	345000	400000	Retained Earnings	120000	200000
			Total Owners Equity	230000	400000
Total Assets	480000	650000	Total liabilities and Owners Equity	480000	650000

Additional information :

1-Sold to land at its book value.

2-Interest and taxes paid in cash.

3-New cars were purchased costing 102000, and other cars were sold during the financial period costing 62000, and they were sold at 95000 dinars in cash.

Answer:

1)Find the change in cash and cash equivalents:

Details	2015	2016	Change
Cash	51000	80000	29000
Investment	15000	20000	5000
The balance	-	-	34000

2)Monitor changes in other balance sheet items:

Assets	2015	2016	Change	Liabilities and Owners equity	2015	2016	Change
Current Assets				Current Liabilities			
Debtors	50000	130000	80000	Creditors	100000	80000	(20000)
Capture papers	10000	6000	(4000)				
Inventory	9000	14000	5000				
Total Current Assets	135000	250000					
Fixed Assets				Long Term Liabilities			
Lands	100000	80000	(20000)	Long Term Loans	150000	170000	20000
Buildings	100000	100000	-	Total Liabilities	250000	250000	

Machinery and equipment	10000	20000	10000	Owners' Equity			
Cars	135000	200000	65000	Capital	110000	200000	90000
Total Fixed Assets	345000	400000		Retained Earnings	120000	200000	80000
				Total Owners Equity	230000	400000	
Total Assets	480000	650000		Total liabilities and Owners Equity	480000	650000	

3) Calculation of cash flows from operating activities:

Direct method:

Cash received from customers = Sales - Increase in Debtors = 1000000 - 80000 = 920000

**Cash paid to suppliers = Cost of sales + Increase in inventory + Decrease in Creditor
= 565000 + 5000 + 20000 = 590000**

Cash paid for operating expenses = operating expenses - Decrease in Capture papers

= 321000 - 4000 = 317000

Details		Partial	Total
cash flows from operating activities:			
:Cash inflows			
Cash received from customers		920000	
:Cash outflows			
-Cash paid to suppliers	(590000)		
-Cash paid for operating expenses	(317000)		
-Cash interest paid	(15000)		
-Cash taxes paid	(25400)		

		(947400)	
Net cash flows from operating activities			(27400)
:cash flows from investing activities			
:Cash inflows			
Sale of land	20000		
Sale of cars	95000		
		115000	
:Cash outflows			
Buy cars		(102000)	
Net cash flows from investing activities			13000
:cash flows from financing activities			
:Cash inflows			
Issue of new shares(capital)		90000	
:Cash outflows			
Debt repayment	20000		
Dividend (net income-retained earnings)	21600		
		(41600)	
:Net cash flows from financing activities			48400
Total net cash flows from activities (change in cash)			34000
+First Term Cash			29000
Last Term Cash			5000