

Example 1

The accountant of Radiance Co, who needs your help to prepare the statement of cash flows, provides the following information:

Radiance Co statement of financial position as at 31 December

	2015		2014	
	\$	\$	\$	\$
Non-current assets				
Property plant and equipment cost	220,000		180,000	
PPE accum depreciation	(92,000)		(78,000)	
		128,000		102,000
Current assets				
Inventory	17,000		12,000	
Trade receivables	10,000		2,000	
Government bonds	10,000		10,000	
Bank	16,000		3,000	
		53,000		27,000
Total assets		181,000		129,000
Equity and liabilities				
Equity				
Share capital (\$1)	65,000		45,000	
Share premium	12,000		10,000	
Retained earnings	68,000		24,000	
		145,000		79,000
Non-current liabilities				
10% loan note		20,000		30,000
Current liabilities				
Trade payables	13,000		19,000	
Taxation	3,000		1,000	
		16,000		20,000
Total equity and liabilities		181,000		129,000

Radiance Co Statement of profit or loss (extract) for the year ended 31 December 2015

	\$
Profit before interest and tax	52,000
Finance costs	(2,000)
Taxation expense	<u>(6,000)</u>
Profit for the year	<u>44,000</u>

Required:

Prepare the statement of cash flows for Radiance Co for the year ended 31 December 2015.