

CPA AUGUST 2022 Q2B

- (b) The following are the statements of financial position of Sabuni Ltd., a soap manufacturing company for year ended 30 June 2022 and 30 June 2021:

Sabuni Ltd.		
Statements of financial position as at 30 June:		
	2022	2021
	Sh. “000”	Sh. “000”
Non-current assets:		
Property, plant and equipment	48,080	37,460
Current assets:		
Inventories	13,420	11,980
Accounts receivable	6,020	5,120
Cash and cash equivalents	<u>450</u>	<u>1,008</u>
Total current assets	<u>19,890</u>	<u>18,108</u>
Total Assets	<u>67,970</u>	<u>55,568</u>
Equity and liabilities:		
Share capital	4,160	3,800
Share premium	540	450
Retained earnings	34,182	21,618
Revaluation reserve	<u>1,080</u>	<u>720</u>
Total equity	<u>39,962</u>	<u>26,588</u>
Non-current liabilities:		
Long-term loan	<u>13,500</u>	<u>14,400</u>
Total non-current liabilities.	<u>13,500</u>	<u>14,400</u>
Current liabilities:		
Accounts payable	12,448	12,700
Accrued expenses	800	800
Bank overdraft	360	540
Current tax	<u>900</u>	<u>540</u>
Total current liabilities	<u>14,508</u>	<u>14,580</u>
Total equity and liabilities	<u>67,970</u>	<u>55,568</u>

Additional information:

1. The cost of property, plant and equipment was Sh.45,740,000 on 1 July 2021.
2. The company disposed of a plant with a carrying value of Sh.3,120,000 on 1 April 2022. The original cost of this plant was Sh.4,800,000 and the company made a loss of Sh.120,000.
3. It is the policy of the company to depreciate all assets at the rate of 10% per annum on cost from date of purchase to date of sale.
4. The finance cost incurred and paid in the year ended 30 June 2022 was Sh.288,000, while a dividend of Sh.516,000 was paid for the same period.
5. Sabuni Ltd. made a profit before tax of Sh.13,458,000 during the year ended 30 June 2022.
6. The income tax expense for the year ended 30 June 2022 was Sh.378,000.

Required:

Statement of cash flows in accordance with the requirement of “International Accounting Standard (IAS)7”, statement of cash flows, for the year ended 30 June 2022.

(16 marks)

(Total: 20 marks)