

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

LESSON NOTES Week 14

SUBJECT: ACCOUNTING

YEAR/LEVEL: 13

Strand 4: CASH FLOW STATEMENT

Sub-strand 4.1: Cash Flow Statement of Companies

Content Learning Outcome: Examine the preparation and interpretation of cash flow statement.

Greetings to all my students, week 13 we have covered preparation of cash flow statement and this week (week 14) we will continue with our coverage of strand 4 **cash flow statement** by attempting more activities to understand the topic better. If there are any queries do me in our 13C Accounting Viber group.

Activity (Ref: MOE Text Year 13 Accounting Pg. 130 Act. 4.1.1)

Short Answer Questions:

1. What is a Cash Flow Statement?
2. State the purpose of preparing the Cash Flow Statement.
3. Define the following and give appropriate examples:
 - Operating activities
 - Investing activities
 - Financing activities.
4. Aqua Company had a positive net cash flow for the year, but its income statement Prepared reported a loss for the same period. **Explain.**

Activity (Ref: MOE Text Year 13 Accounting Pg. 130 Act. 4.1.2 Q.2)

Rainbow Colours Company had the following transactions during the year 2018:

- i. Issued shares for \$150 000 cash.
- ii. Paid \$30 000 in salaries and wages to employees.
- iii. Sold property for \$45 000 cash.
- iv. Paid \$1 000 in cash dividends.
- v. Received \$60 000 from customers for cash sales.
- vi. Paid \$150 000 cash for merchandise.
- vii. Purchased a building for \$650 000 cash.
- viii. Paid \$10 000 for operating expenses.
- ix. Received \$80 000 cash for the sale of long-term investments.
- x. Repurchased shares for \$5 000 cash.

Required:

Classify and prepare a Statement of Cash Flow from the above transactions.

(Solutions of these activities will be provided later for verification, Best wishes for week 14 studies, take care and Stay Safe)