



### EXERCISE 1.

On the basis of presented Balance Sheet and Income Statement for the company “Voce i povrce”, wholesales, please compose the Cash Flow (Indirect method).

#### **BALANCE SHEET (000 KM)**

	<b>2000</b>	<b>20001</b>
<b>ASSETS</b>		
Cash	46	52
Receivables	40	46
Inventory	100	145
Prepaid expenses	80	80
Other current assets	74	79
<b>Total current assets</b>		<b>402</b>
Gross fixed assets	640	
Minus: Depreciation	(296)	(338)
<b>Net fixed assets</b>		<b>446</b>
<b>TOTAL ASSETS</b>	<b>684</b>	
<b>LIABILITIES + EQUITY</b>		
Short-term loans	40	96
Payables	140	165
Calculated expenses	58	
<b>Total current debt</b>	<b>238</b>	<b>331</b>
<b>Long-term debt</b>		75
<b>TOTAL DEBT</b>	<b>308</b>	
Incorporation equity	60	60
Retained earnings	316	
<b>TOTAL EQUITY</b>	<b>376</b>	<b>442</b>
<b>TOTAL LIABILITIES + EQUITY</b>		<b>848</b>

**INCOME STATEMENT (000 KM)**

	<b>2000</b>	<b>2001</b>
<b>SALES</b>		<b>5,236</b>
Cost of goods sold	3,672	4,028
<b>GROSS PROFIT</b>	<b>1,128</b>	<b>1,208</b>
<b>OPERAT. EXPENSES</b>		
<b>Variable expenses</b>		
Salaries	348	381
Vehicle expenses	42	46
Storage expenses	40	46
Office supplies	14	12
Acc. and legal expenses	8	6
Utilities	10	12
Advertising	12	18
Sales and promotion	52	58
Packaging expenses	144	158
Bad debt	48	52
Perishable goods	96	105
<b>Fixed expenses</b>		
Lease	36	36
Depreciation	36	42
Insurance	14	16
Tax on salaries	34	50
Pension fund	60	66
Regist. and permits	6	6
Interest	14	16
<b>Total fixed expenses</b>	<b>200</b>	
<b>TOTAL OP. EXPENSES</b>	<b>1,014</b>	
<b>PROFIT BEFORE TAX</b>	<b>114</b>	<b>82</b>
Tax on profit	30	16
<b>NET PROFIT</b>		<b>66</b>

### CASH FLOW STATEMENT (Indirect method)

1	Net profit before tax	
2	Depreciation	
3	+/- changes in acc. Receivables	
4	+/- changes in acc. Inventory	
5	+/- changes in other acc. of Current Assets	
6	+/- changes in acc. Payables	
7	+/- changes in acc. Calculated Expenses	
8	+/- changes in acc. Calculated and Delayed Tax on Profit	
9	+/- changes in acc. Other Current Liabilities	
10	+/- changes in other acc. of Non-current Liabilities	
11	<b>Operative Cash Flow</b>	
12	+/- changes in acc. Marketable Securities	
13	+/- changes in acc. Long-term investments	
14	+/- changes in acc. Gross fixed assets	
15	Extraordinary profit (loss)	
16	+/- changes in acc. Intangible and other working capital	
17	<b>Investment Cash flow</b>	
18	<b><i>Cash flow before financing (row 11 + row 17)</i></b>	
19	+/- changes in acc. Short-term Bank Debt	
20	+/- changes in acc. Long-term Bank Debt	
21	+/- changes in acc. Subordinated Debt	
22	+/- changes in acc. Investment Capital	
23	- Paid dividends	
24	+/- adjustments in acc. Unallocated Profit	
25	+/- changes in acc. Interest Outstanding	
26	<b>Financial Cash Flow</b>	
27	<b>TOTAL CASH FLOW (row 11+ row 17 + row 26)</b>	

28	Initial cash	
29	Plus Operative cash flow (row 11)	
30	Investment cash flow (row 17)	
31	Financial cash flow (row 26)	
32	Final cash	