Operating activities:
Operating profit (before tax and interest) £970*, add depreciation for year £530**, add loss on sale of fixed assets £30, less increase in stock £1,200, less increase in debtors £600, add increase in creditors £100, total = - £170 (cash outflow)

Returns on investments and servicing of finance:
Interest paid £20.

Taxation:
-

Capital expenditure and financial investment:
Payments to acquire fixed assets £2,480, receipts from sales of fixed assets £270, total £2,210.

Equity dividends paid:
-

Financing:
Issue of share capital (at a premium) £2,000, issue of debentures £1,000, total £3,000.

Increase in cash:
£600 (bank overdraft at start of year £250; bank balance at end of year £350).

* Operating profit calculation: net profit for year £950, interest paid £20, total £970.
** Depreciation for year calculation: depreciation at 31 December 20-7 £770, less depreciation on assets now sold £200, sub-total £570, deducted from depreciation at 31 December 20-8 £1,100, equals depreciation for year £530.