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Exercise 01: Complete the table for a UK company, using the following information:.....**15pts**

Income tax payable=£2.000. Dividends paid to shareholders=£4.000. Purchase of plant and equipment=£2.000. Sales of land=£7.000. Money received through issuing new shares=£5.000. Money received through short term borrowing=£4.000. Loans made to borrowers=£4.000. Repayment of debt=£4.500. Purchases of securities=£3.000. Earnings= £10.000. Amortization expenses= £1.000.

Cash flow statement for the year ended 31 December 20..... (£'000)

(negative figures are shown in brackets)

Operating activities	..... Earnings	10.000
	..... Amortization expenses	(1.000)
	..... Income tax payable	(2.000)
	Net cash flow from operations	7.000
Financing activities	... Dividends paid to shareholders	(4.000)
	..... Money received through issuing new shares	5.000
	..... Money received through short term borrowing	4.000
	..... Repayment of debt	(4.500)
	Net cash flow from financing activities	500
Investment activities	..... Purchase of plant and equipment	(2.000)
	..... Purchases of securities	(3.000)
	..... Loans made to borrowers	(4.000)
	..... sales of land.....	7.000
	Net cash flow from investment activities	(2.000)
NET CASH POSITION AT YEAR END		5.500

Exercise 02: Are the following sentences true or false?

- 1 Most money exists on paper, in bank accounts, rather than in notes and coins.
- 2 Banking customers can withdraw time deposits whenever they like.
- 3 The amount of money spent is the money supply multiplied by its velocity of circulation.
- 4 Central banks can try to control the money supply.
- 5 Commercial banks can choose which percentage of their deposits they keep in their reserves.

01 True. **01pt** 02 False. **01pt** 03 True. **01pt** 04 True. **01pt** 05 False. **01 pt**