



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Worksheet No:	Topic: CASH FLOW STATEMENT

1 mark Questions:

1. A Ltd. engaged in the business of retailing of two wheelers, invested Rs.60, 00,0000 in the shares of a manufacturing company. State with reasons the dividend received Rs.2,00,000 on these shares will be cash flow from which activity?

2.State whether conversion of debentures into equity shares by a financing company will result in inflow/outflow/ no flow of cash.

3. Dividend paid is classified under which type of activity while preparing CFS?

4. X Ltd paid Rs.4,00,000 to acquire 30,000 shares of Rs.10 each in another company and received a dividend of 10% on such shares after acquisition.
How will you show it in a CFS?

5. Define cash and cash equivalent.

6. The accountant of a Departmental Store showed dividend paid as operating activity while preparing cash flow statement. Is he correct in doing so? Give reason.

7. 'Vinod Ltd.' is carrying on a paper manufacturing business. In the current year, it purchased machinery for ₹30,00,000; it paid salaries of ₹60,000 to its employees; it required funds for expansion and therefore, issued shares of ₹20,00,000. It earned a profit of ₹9,00,000 for the current year.

Find out cash flows from operating activities.

3- & 6-Marks Questions:

1.From the following information, calculate Cash Flow from Investing Activities:

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
Machinery (At cost)	5,50,000	5,00,000
Accumulated Depreciation	1,70,000	1,00,000

During the year, a machinery costing ₹ 50,000 (accumulated depreciation provided thereon ₹ 20,000) was sold for ₹ 26,000.

ANSWER:

Cash Flow from Investing Activities

	Particulars	Amount (₹)	Amount (₹)
	Purchase of Machinery	(1,00,000)	
	Sale of Machinery	26,000	
	Net Cash Used in Investing Activities		(74,000)

Working Notes:

Machinery Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	5,00,000	Accumulated Depreciation A/c	20,000
To Bank A/c (Purchase- Bal. Fig.)	1,00,000	Bank A/c (Sale)	26,000
		Profit and Loss A/c (Loss on Sale)	4,000
		Balance c/d	5,50,000
	6,00,000		6,00,000

Accumulated Depreciation Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	20,000	Balance b/d	1,00,000
Balance c/d	1,70,000	Profit and Loss A/c (Dep. charged during the year- Bal. Fig.)	90,000
	1,90,000		1,90,000

2. From the following particulars, calculate Cash Flow from Investing Activities

Particulars	Purchased (₹)	Sold (₹)
Machinery	6,20,000	2,00,000
Investments	2,40,000	80,000
Goodwill	1,00,000	...
Patents	...	1,50,000

Additional Information:

1. Interest received on debentures held as investment ₹ 8,000.
2. Interest paid on debentures issued ₹ 20,000.
3. Dividend received on shares held as investment ₹ 20,000.
4. Dividend paid on Equity Share Capital ₹ 30,000.
5. A plot of land was purchased out of the surplus funds for investment purposes and was let out for commercial use. Rent received ₹ 50,000 during the year.

ANSWER:

Cash Flow from Investing Activities

	Particulars	Amount (Rs)	Amount (Rs)
	Purchase of Machinery	(6,20,000)	
	Purchase of Investments	(2,40,000)	
	Purchase of Goodwill	(1,00,000)	
	Sale of Machinery	2,00,000	
	Rent Received	50,000	
	Dividend Received	20,000	
	Sale of Investments	80,000	
	Interest on Debentures	8,000	
	Sale of Patents	1,50,000	
	Net Cash Used in Investing Activities		(4,52,000)

Note: Dividend paid and interest paid is a part of Financing Activities.

3. From the following information, calculate Cash Flow from Financing Activities:

Particulars	31 st March, 2019 (₹)	31 st March, 2018 (₹)
Equity Share Capital	10,00,000	9,00,000
Securities Premium Reserve	2,60,000	2,50,000
12% Debentures	1,00,000	1,50,000

Additional Information: Interest paid on debentures ₹ 18,000.

ANSWER:

Cash Flow from Financing Activities

	Particulars	Amount (₹)	Amount (₹)
	Proceeds from Issue of Equity Shares	1,10,000	
	Redemption of 12% Debentures	(50,000)	
	Interest Paid	(18,000)	
	Net Cash Flows from Financing Activities		42,000

4. From the following extracts of Balance Sheet of Exe Ltd., calculate Cash Flow from Financing Activities:

Particulars	31 st March, 2019 (₹)	31 st March, 2018 (₹)
Equity Share Capital	5,25,000	4,00,000
10% Preference Share Capital	4,00,000	5,50,000
Securities Premium Reserve	2,25,000	1,00,000
12% Debentures	4,00,000	3,00,000

Additional Information:

- Equity Shares were issued on 31st March, 2019.
- Interim dividend on Equity Shares was paid @ 15%.
- Preference Shares were redeemed on 31st March, 2019 at a premium of 5%. Premium paid was debited to Statement of Profit and Loss.
- 12% Debentures of face value ₹ 1,00,000 were issued on 31st March, 2019.

ANSWER:

Cash Flow from Financing Activities
for the year ended March 31, 2019

Particulars	Amount (₹)	Amount (₹)
Issue of Shares	1,25,000	
Transfer to Securities Premium Reserve	1,25,000	
Issue of Debentures	1,00,000	
Premium on redemption of Preference Shares (5% of 1,50,000)	(7,500)	
Interim Dividend Paid(15% of 4,00,000)	(60,000)	
Redemption of Preference Share Capital	(1,50,000)	
Interest on Debentures (12% of 3,00,000)	(36,000)	
Dividend on Preference Share Capital	(55,000)	
Net Cash Flow from Financing Activities		41,500

5. From the following information, calculate Cash Flow from Investing and Financing Activities:

Particulars	31 st March 2019 (₹)	31 st March 2018 (₹)
Machinery (At cost)	50,000	40,000
Accumulated Depreciation	12,000	10,000
Capital	35,000	30,000
Bank Loan	...	10,000

During the year, a machine costing ₹ 10,000 was sold at a loss of ₹ 2,000. Depreciation on machinery charged during the year amounted to ₹ 6,000.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Amount (₹)	Amount (₹)
Cash Flow from Investing Activities		
Purchase of Machinery	(20,000)	
Sale of Machine	4,000	
<i>Net Cash from (used in) Investing Activities</i>		(16,000)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	5,000	
Repayment of Bank Loan	(10,000)	
<i>Net Cash from (used in) Financing Activities</i>		(5,000)

Working Notes:

Machinery Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	40,000	Accumulated Depreciation A/c	4,000
Bank A/c (Purchase- Bal. Fig.)	20,000	Bank A/c (Sale)	4,000
		Profit and Loss A/c (Loss on Sale)	2,000
		Balance c/d	50,000
	60,000		60,000

Accumulated Depreciation Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c (Bal. Fig.)	4,000	Balance b/d	10,000
Balance c/d	12,000	By Profit and Loss A/c (Dep. charged during the year)	6,000
	16,000		16,000

6. From the following information, calculation Cash Flow from Operating Activities and Investing Activities:

Particular	31st, March, 2018, (₹)	31st, March, 2019, (₹)
Surplus, i.e., Balance in Statement of Profit and Loss	2,50,000	10,00,000

Provision for Tax	75,000	75,000
Trade Payables	1,00,000	3,75,000
Current Assets (Trade Receivables and Inventories)	11,50,000	13,00,000
Fixed Assets (Tangible)	21,25,000	23,30,000
Accumulated Depreciation	10,62,500	11,00,000

Additional Information:

1. A machine having book value of ₹ 1,00,000 (Depreciation provided thereon ₹ 1,62,500) was sold at a loss of ₹ 20,000.
2. Tax paid during the year ₹ 75,000.

ANSWER:

**Cash flow Statement
for the year ended 31st March, 2019**

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Net Profit as per Statement of Profit & Loss	7,50,000	
<i>Add:</i> Provision for Tax made	75,000	
Net Profit before Tax and Extraordinary Items	8,25,000	
<i>Add:</i> Depreciation charged during the year	2,00,000	
<i>Add:</i> Loss on Sale of Machine	20,000	
Net Profit before working Capital changes	10,45,000	
<i>Add:</i> Increase in Trade Payables	2,75,000	
<i>Less:</i> Increase in Current Assets	(1,50,000)	
Net Profit before Tax	11,70,000	
<i>Less:</i> Tax Paid during the year	75,000	
Cash Flow from Operating Activities		10,95,000
B. Cash flow from Investing Activities		
Purchase of Fixed Asset	(4,67,500)	
Sale of Machine	80,000	
Cash used in Investing Activities		3,87,500

Dr.		Accumulated Depreciation A/c		Cr.	
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2019 March 31	To Fixed Asset A/c (Depreciation on Mach. Sold)	1,62,500	2018 April 01	By Balance b/d	10,62,500
March 31	To balance c/d	11,00,000		By Statement of Profit & Loss A/c (Bal. Fig.)	2,00,000
		12,62,500			12,62,500

Dr.		Fixed Assets A/c		Cr.	
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2018 April 01 2019	To balance b/d	21,25,000	2019 March 31	By Accumulated Depreciation A/c	1,62,500
			March 31	By Statement of Profit & Loss A/c- Loss	20,000
			March 31	By Bank A/c (1,00,000 – 20,000)	80,000
March 31	To Cash/Bank A/c	4,67,500	March 31	By balance c/d	23,30,000
		25,92,500			25,92,500

7. From the following Balance Sheet of Young India Ltd., prepare Cash Flow Statement:

BALANCE SHEET OF YOUNG INDIA LTD.
as at 31st March, 2019

Particular	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		2,50,000	2,00,000
(b) <i>Reserves and Surplus</i> : Surplus, i.e., Balance in Statement of Profit and Loss		1,83,000	82,000
2. Non-Current Liabilities			
<i>Long-term Borrowings:</i>			
15% Debentures		80,000	50,000
3. Current Liabilities			
(a) Trade Payables		1,50,000	1,10,000
(b) Other Current Liabilities		12,000	20,000
Total		6,75,000	4,62,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets (Tangible)		2,74,000	1,17,000
(b) Non-Current Investments		68,000	55,000
2. Current Assets			
(a) Inventories		2,06,000	1,50,000
(b) Trade Receivables		32,000	70,000
(c) Cash and Cash Equivalents		95,000	70,000
Total		6,75,000	4,62,000

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss (1,83,000 – 82,000)	1,01,000	
	Profit Before Taxation	1,01,000	
	<i>Items to be Added:</i>		
	Interest on Debentures	7,500	
	Operating Profit before Working Capital Adjustments	1,08,500	
	<i>Less:</i> Increase in Current Assets		
	Inventories	(56,000)	
	<i>Add:</i> Increase in Current Liabilities		
	Trade Payables	40,000	
	<i>Less:</i> Decrease in Current Liabilities		
	Other Current Liabilities	(8,000)	
	<i>Add:</i> Decrease in Current Assets		
	Trade Receivables	38,000	
	Cash Generated from Operations	1,22,500	
	<i>Less:</i> Tax Paid	–	
	Net Cash Flows from Operating Activities		1,22,500
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(1,57,000)	
	Purchase of Investments	(13,000)	
	Net Cash Used in Investing Activities		(1,70,000)
C	Cash Flow from Financing Activities		
	Proceeds from Issue of Equity Share Capital	50,000	
	Proceeds from Issue of 15% Debentures	30,000	
	Interest on Debentures (50,000 × 15%)	(7,500)	
	Net Cash Flow from Financing Activities		72,500
D	Net Increase or Decrease in Cash and Cash Equivalents		25,000
	<i>Add:</i> Cash and Cash Equivalent in the beginning of the period		70,000
	Cash and Cash Equivalents at the end of the period		95,000

Note: It has been assumed that Debentures were issued at the end of the accounting period. Therefore, interest on Debentures is computed on the opening balance of the Debentures.

8. Following is the Balance Sheet of Fine Products Ltd. as at 31st March, 2019:

Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) <i>Share Capital</i> : Equity Share Capital		3,50,000	3,00,000
(b) Reserves and Surplus	1	57,000	38,000
2. Current Liabilities			
(a) Trade Payables		53,000	35,000
(b) Other Current Liabilities		6,000	8,000
(c) Short-term Provisions	2	32,000	28,000
Total		4,98,000	4,09,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Fixed Assets</i> :			
(i) Tangible Assets	3	2,48,000	2,00,000
(ii) Intangible Assets (Goodwill)		40,000	50,000
(b) Non-Current Investments		35,000	10,000
2. Current Assets			
(a) Inventories		39,000	57,000
(b) Trade Receivables		1,08,000	75,000
(c) Cash and Bank Balance		28,000	17,000
Total		4,98,000	4,09,000

Notes to Accounts

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
1. Reserves and Surplus		
General Reserve	30,000	20,000
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	27,000	18,000
	57,000	38,000
2. Short-term Provisions		
Provision for Tax	32,000	28,000
3. Tangible Fixed Assets		
Land and Building	57,000	1,10,000
Plant and Machinery	1,91,000	90,000

	2,48,000	2,00,000

Note: Proposed dividends on equity for the years ended 31st March, 2018 and 2019 are ₹ 39,000 and ₹ 45,000 respectively.

You are required to prepare Cash Flow Statement for the year ended 31st March, 2019.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss		9,000
	<i>Items to be Added:</i>		
	General Reserve	10,000	
	Goodwill	10,000	
	Provision for Taxation	32,000	
	Proposed Dividend	39,000	1,00,000
	Operating Profit before Working Capital Adjustments		1,00,000
	<i>Less: Increase in Current Assets</i>		
	Trade Receivables	(33,000)	
	<i>Less: Decrease in Current Liabilities</i>		
	Other Current Liabilities	(2,000)	
	<i>Add: Decrease in Current Assets</i>		
	Inventories	18,000	
	<i>Add: Increase in Current Liabilities</i>		
	Trade Payables	18,000	1,000
	Cash Generated from Operations		1,01,000
	<i>Less: Tax Paid</i>		(28,000)
	Net Cash Flows from Operating Activities		73,000
B	Cash Flow from Investing Activities		
	Purchase of Non-Current Investments		(25,000)
	Purchase of Plant & Machinery		(1,01,000)
	Sale of Land & Building		53,000
	Net Cash Used in Investing Activities		(73,000)
C	Cash Flow from Financing Activities		
	Dividend Paid		(39,000)
	Proceeds from Issue of Share Capital		50,000

	<i>Net Cash Flow from Financing Activities</i>	11,000
D	Net Increase or Decrease in Cash and Cash Equivalents	11,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>	17,000
	Cash and Cash Equivalents at the end of the period	28,000

9. Prepare a Cash Flow Statement on the basis of the information given in the Balance Sheet of Libra Ltd. as at 31st March, 2013 and 31st March 2012:

Particulars	Note No.	31st March, 2013 (₹)	31st March, 2012 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		8,00,000	6,00,000
(b) Reserves and Surplus	1	4,00,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings		1,00,000	1,50,000
3. Current Liabilities			
(a) Trade Payables		40,000	48,000
Total		13,40,000	10,98,000
II. ASSETS			
1, Non-Current Assets			
(a) Fixed Assets:			
Tangible Assets		8,50,000	5,60,000
(b) Non-Current Investments		2,32,000	1,60,000
2. Current Assets			
(a) Current Investments		50,000	1,34,000
(b) Inventories		76,000	82,000
(c) Trade Receivables		38,000	92,000
(d) Cash and Cash Equivalents		94,000	70,000
Total		13,40,000	10,98,000

Notes to Accounts

Particulars	31st March, 2013 (₹)	31st March, 2012 (₹)
I. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	4,00,000	3,00,000

ANSWER:

Cash Flow Statement
for the year ended March 31, 2013

	Particulars	Details (Rs)	Amount (Rs)
A	Cash from Operating Activities		
	Net Profit		1,00,000
	Operating Profit Before Working Capital Changes		1,00,000
	<i>Add:</i> Decrease in Current Assets		
	Inventories	6,000	
	Trade Receivables	54,000	
	<i>Less:</i> Decrease in Current Liabilities		
	Trade Payables	(8,000)	52,000
	Cash Generated from Operations		1,52,000
	<i>Less:</i> Tax Paid		-
	Net Cash Flow from Operating Activities		1,52,000
B	Cash From Investing Activities		
	Purchase of Tangible Assets	(2,90,000)	
	Purchase on Non Current Investment	(72,000)	
	Net Cash Used in Investing Activities		(3,62,000)
C	Cash From Financing Activities		
	Issue of Share Capital	2,00,000	
	Long Term Borrowings	(50,000)	
	Net Cash Flow from Financing Activities		1,50,000
D	Net Decrease in Cash and Cash Equivalents		(60,000)
	<i>Add:</i> Cash and Cash Equivalents in the beginning of the period (70,000 + 1,34,000)		2,04,000
	Cash and Cash Equivalents at the end of the period (94,000 + 50,000)		1,44,000

10. Following are the Balance Sheets of Solar Power Ltd. as at 31st March, 2014 and 2013:

Solar Power Ltd.
BALANCE SHEET

Particulars	Note No.	31st March, 2014 (₹)	31st March, 2013 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) <i>Share Capital</i>	1	24,00,000	22,00,000
(b) Reserves and Surplus		6,00,000	4,00,000
2. Non-Current Liabilities			
Long-term Borrowings		4,80,000	3,40,000
3. Current Liabilities			
(a) Trade Payables		3,58,000	4,08,000
(b) Short-term Provisions		1,00,000	1,54,000
Total		39,38,000	35,02,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets:			
(i) Tangible Assets	2	21,40,000	17,00,000
(ii) Intangible Assets	3	80,000	2,24,000
2. Current Assets			
(a) Current Investments		4,80,000	3,00,000
(b) Inventories		2,58,000	2,42,000
(c) Trade Receivables		3,40,000	2,86,000
(d) Cash and Cash Equivalents		6,40,000	7,50,000
Total		39,38,000	35,02,000

Notes to Accounts

Particulars	31st March, 2014 (₹)	31st March, 2013 (₹)
1. Revenue and Surplus		
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	6,00,000	4,00,000
2. Tangible Assets		
Machinery	25,40,000	20,00,000
Less: Accumulated Depreciation	(4,00,000)	(3,00,000)
	21,40,000	17,00,000
3. Intangible Assets		
Goodwill	80,000	2,24,000

Additional Information:

During the year, a piece of machinery costing ₹48,000 on which accumulated depreciation was ₹ 32,000. was sold for ₹ 12,000. Prepare Cash Flow Statement.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2014

	Particulars	Amount (Rs)	Amount (Rs)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss	2,00,000	
	Profit Before Taxation		2,00,000
	<i>Items to be Added:</i>		
	Amortisation of Goodwill	1,44,000	
	Depreciation	1,32,000	
	Loss on Sale of Fixed Assets	4,000	2,80,000
	Operating Profit before Working Capital Adjustments		4,80,000
	<i>Less: Increase in Current Assets</i>		
	Inventories	16,000	
Trade Receivables	54,000		
<i>Less: Decrease in Current Liabilities</i>			
Trade Payables	50,000		
Short-Term Provisions	54,000	1,74,000	
	<i>Net Cash Generated from Operating Activities</i>		3,06,000
B	Cash Flow from Investing Activities		
	Sale of Machinery	12,000	
	Purchase of Machinery	(5,88,000)	
	<i>Net Cash Used in Investing Activities</i>		(5,76,000)
C	Cash Flow from Financing Activities		
	Proceeds from Issue of Share Capital	2,00,000	
	Proceeds from Long Term Borrowings	1,40,000	
	<i>Net Cash Flow from Financing Activities</i>		3,40,000
D	Net Increase or Decrease in Cash and Cash Equivalents		70,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>		10,50,000
	Cash and Cash Equivalents at the end of the period		11,20,000

WORKING NOTES:

Machinery Account

Dr.		Cr.	
Particulars	Amount (Rs)	Particulars	Amount (Rs)
Balance b/d	20,00,000	Bank A/c (Sale)	12,000
Bank A/c (Purchase- Bal. Fig.)	5,88,000	Depreciation on Part of Machinery	32,000
		Profit and Loss A/c (Loss on Sale)	4,000
		Balance c/d	25,40,000
	25,88,000		25,88,000

Accumulated Depreciation Account

Dr.		Cr.	
Particulars	Amount (Rs)	Particulars	Amount (Rs)
Machinery A/c	32,000	Balance b/d	3,00,000
Balance c/d	4,00,000	Profit and Loss A/c (Dep. charged during the year- Bal. Fig.)	1,32,000
	4,32,000		4,32,000

11. Following is the Balance Sheet of Mevanca Limited as at 31st March, 2017:

Mevanca Limited BALANCE SHEET

as at 31st March, 2017:

Particulars	Note No.	31st March, 2017 (₹)	31st March, 2016 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		3,00,000	1,00,000
(b) Reserves and Surplus	1	25,000	1,20,000
2. Non-Current Liabilities			
Long-term Borrowings	2	80,000	60,000
3. Current Liabilities			
(a) Trade Payables		6,000	20,000
(b) Short-term Provisions	3	68,000	70,000
Total		4,79,000	3,70,000

II. ASSETS			
1. Non-Current Assets			
Fixed Assets	4	3,36,000	1,92,000
2. Current Assets			
(a) Inventories		67,000	60,000
(b) Trade Receivables		51,000	65,000
(c) Cash and Cash Equivalents		25,000	49,000
(d) Other Current Assets		...	4,000
Total		4,79,000	3,70,000

Notes to Accounts

Particulars	31st March, 2017 (₹)	31st March, 2016 (₹)
1. Reserves and Surplus		
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	25,000	1,20,000
	25,000	1,20,000
2. Long-term Borrowings		
10% Long-term Loan	80,000	60,000
	80,000	60,000
3. Short-term Provisions		
Provision for Tax	68,000	70,000
	68,000	70,000
4. Fixed Assets		
Machinery	3,84,000	2,15,000
Accumulated Depreciation	(48,000)	(23,000)
	3,36,000	1,92,000

Additional Information:

(i) Additional loan was taken on 1st July, 2016.

(ii) Tax of ₹ 53,000 was paid during the year.

Prepare Cash Flow Statement.

ANSWER:

Cash flow Statement for the year ended 31st March, 2017

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Net Loss as per Statement of Profit and Loss	(95,000)	
<i>Add:</i> Provision for Tax made (WN1)	51,000	
Net loss before Tax and Extraordinary Items	(44,000)	
<i>Add:</i> Depreciation charged during the year	25,000	
Interest paid on loan (WN2)	7,500	
Net Loss before Working Capital Changes	(11,500)	
<i>Add:</i> Decrease in Trade Receivables	14,000	

Decrease in other Current Assets	4,000	
<i>Less:</i> Decrease in Trade Payables	(14,000)	
Increase In Inventories	(7,000)	
Net Loss before Tax	(14,500)	
<i>Add:</i> Tax to be paid during the year	(53,000)	
Cash used in Operating Activities		(67,500)
B. Cash Flow from Investing Activities		
Purchase of Machinery	(1,69,000)	
Cash used in Investing Activities		(1,69,000)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Shares	2,00,000	
Proceeds from additional loan taken	20,000	
Interest paid on long-term loan	(7,500)	
Cash flow from Financing Activities		2,12,500
Net decrease in Cash and Cash Equivalents		(24,000)
<i>Add:</i> Opening Balance of Cash and Cash Equivalent		49,000
Cash and Cash Equivalents at the end of the year		25,000

Working Notes:

1.

Dr.		Provision for Tax A/c		Cr.	
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2017 March 31	To Cash A/c- Tax Paid	53,000	2016 April 01	By balance b/d	70,000
March 31	To balance c/d	68,000	2017 March 31	By Statement of Profit & Loss A/c	51,000
		<u>1,21,000</u>			<u>1,21,000</u>

12. From the following Balance Sheet of Kumar Ltd. as at 31st March, 2019, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	16,00,000	10,40,000
(b) Reserves and Surplus,	2	5,50,000	2,60,000
2. Non-Current Liabilities			
<i>Long-term Borrowings:</i>			
9% Debentures		4,00,000	6,00,000
3. Current Liabilities			
Trade Payables		4,50,000	1,00,000
Total		30,00,000	20,00,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets		20,00,000	15,00,000
2. Current Assets			
(a) Inventories		3,00,000	2,00,000
(b) Trade Receivables		2,00,000	1,00,000
(c) Cash and Cash Equivalents		5,00,000	2,00,000
Total		30,00,000	20,00,000

Notes to Accounts

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
1. Share Capital		
Equity Share Capital	15,00,000	10,00,000
7% Preference Share Capital	1,00,000	40,000
	16,00,000	10,40,000
2. Reserves and Surplus		
General Reserve	4,00,000	60,000
Surplus, i.e., Balance in Statement of Profit and Loss	1,50,000	2,00,000
	5,50,000	2,60,000

Additional Information:

1. During a year, a machinery costing ₹ 20,000 was sold for ₹ 6,000.
2. Dividend paid during the year ₹ 50,000.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss (1,50,000 – 2,00,000)	(50,000)	
	Transfer to General Reserve	3,40,000	
	Dividend Paid	50,000	
	Profit Before Taxation	3,40,000	
	<i>Items to be Added:</i>		
	Interest Paid	54,000	
	Loss on Sale of Machinery	14,000	
	Operating Profit before Working Capital Adjustments	4,08,000	
	<i>Less:</i> Increase in Current Assets		
	Inventories	(1,00,000)	
	Trade Receivables	(1,00,000)	
	<i>Add:</i> Increase in Current Liabilities		
	Trade Payables	3,50,000	
	Cash Generated from Operations	5,58,000	
	<i>Less:</i> Tax Paid	—	
	Net Cash Flow from Operating Activities		5,58,000
B	Cash Flow from Investing Activities		
	Sale of Machinery	6,000	
	Purchase of Fixed Assets	(5,20,000)	
	Net Cash Used in Investing Activities		(5,14,000)
C	Cash Flow from Financing Activities		
	Proceeds from Issue of Equity Share Capital	5,00,000	
	Proceeds from 7% Preference Share Capital	60,000	
	Dividend Paid	(50,000)	
	Redemption of 9% Debentures	(2,00,000)	
	Interest Paid (6,00,000 × 9%)	(54,000)	
	Net Cash Flow from Financing Activities		2,56,000
D	Net Increase in Cash and Cash Equivalents		3,00,000
	<i>Add:</i> Cash and Cash Equivalent in the beginning of the period		2,00,000
	Cash and Cash Equivalents at the end of the period		5,00,000

Working Notes:

Fixed Assets Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	15,00,000	Bank A/c (Sale)	6,000
Bank A/c (Purchase- Bal. Fig.)	5,20,000	Profit and Loss A/c (Loss on Sale)	14,000
		Balance c/d	20,00,000
	20,20,000		20,20,000

13. Following was the Balance Sheet of *M.M.* Ltd. as at 31st March, 2015:

Particulars	Note No.	(₹)	(₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		5,00,000	4,00,000
(b) Reserves and Surplus	1	2,00,000	(50,000)
2. Non-Current Liabilities			
Long-term Borrowings	2	4,50,000	5,00,000
3. Current Liabilities			
(a) Short-term Borrowings	3	1,50,000	50,000
(b) Short-term Provisions	4	70,000	90,000
Total Total Expenses		13,70,000	9,90,000
II. ASSETS			
1. Non-Current Assets			
(a) <i>Fixed Assets:</i>			
(i) Tangible Assets	5	10,03,000	7,20,000
(ii) Intangible Assets	6	20,000	30,000
(b) Non-Current Investments		1,00,000	75,000
2. Current Assets			
(a) Current Investments		50,000	60,000
(b) Inventories	7	1,07,000	45,000
(c) Cash and Cash Equivalents		90,000	60,000
Total		13,70,000	9,90,000

Notes to Accounts

Particular		31 st March 2015 (₹)	31 st March 2014 (₹)
1.	Reserves and Surplus		
	Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	2,00,000	(50,000)
		2,00,000	(50,000)
2.	Long-term Borrowings		
	12% Debentures	4,50,000	5,00,000
		4,50,000	5,00,000
3.	Short-term Borrowings		
	Bank Overdraft	1,50,000	50,000
		1,50,000	50,000
4.	Short-term Provisions		
	Provision for Tax	70,000	90,000
		70,000	90,000
5.	Tangible Assets		
	Machinery	12,03,000	8,21,000
	<i>Less:</i> Accumulated Depreciation	(2,00,000)	(1,01,000)
		10,03,000	7,20,000
6.	Intangible Assets		
	Goodwill	20,000	30,000
		20,000	30,000
7.	Inventories		
	Stock-in-Trade	1,07,000	45,000
		1,07,000	45,000

Additional Information:

1. 12% Debentures were redeemed on 31st March, 2015.

2. Tax ₹ 70,000 was paid during the year.

Prepare Cash Flow Statement.

ANSWER:

Cash Flow Statement
for the year ended 31st March, 2015

	Particulars	Amount (₹)	Amount (₹)
I	Cash Flow from Operating Activities		
	A. Net Profit before Tax and Extraordinary items*		2,50,000
	Adjustments for Non-cash and Non-operating items		
	B. <i>Add:</i> Items to be Added		

	Depreciation	99,000	
	Intangible Assets Written off	10,000	
	Interest on Debentures (12% of 5,00,000)	60,000	
	Provision for Tax	50,000	2,19,000
	C. Less: Items to be Deducted		
	Operating Profit before Working Capital Adjustments		4,69,000
	Add: Decrease in Current Assets and Increase in Current Liabilities		
	Less: Increase in Current Assets and Decrease in Current Liabilities		
	Inventories	62,000	(62,000)
	Cash Generated from Operations		4,07,000
	<i>Less: Income Tax Paid (Net of Refund)</i>	70,000	(70,000)
	Net Cash Flows from (or used in) Operating Activities		3,37,000
II	Cash Flow from Investing Activities		
	Purchase of Fixed Assets (12,03,000 – 8,21,000)	(3,82,000)	
	Purchase of Non-Current Investments	(25,000)	
	Net Cash Flows from (or used in) Investing Activities		(4,07,000)
III	Cash Flow from Financing Activities		
	Proceeds from Issue of Share Capital	1,00,000	
	Redemption of Debentures	(50,000)	
	Interest Paid on Debentures	(60,000)	
	Increase in Bank Overdraft	1,00,000	
	Net Cash Flow from Financing Activities		90,000
IV	Net Increase or Decrease in Cash and Cash Equivalents (I + II + III)		20,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>		1,20,000
	<i>(Includes Current Investments of Rs 60,000)</i>		
	Cash and Cash Equivalents at the end of the period		1,40,000
	<i>(Includes Current Investments of Rs 50,000)</i>		

WORKING NOTE

Provision for Tax Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Bank A/c	70,000	Balance b/d	90,000
Balance c/d	70,000	Statement of Profit and Loss	50,000
	1,40,000		1,40,000

14. The Balance Sheet of Virendra Paper Ltd. as at 31st March, 2019 is given below:

Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		7,20,000	6,00,000
(b) <i>Reserves and Surplus:</i>			
Surplus <i>i.e.</i> , Balance in Statement of Profit and Loss		4,80,000	3,75,000
2. Non-Current Liabilities			
<i>Long-term Borrowings:</i>			
10% Debentures		2,70,000	4,50,000
3. Current Liabilities			
Trade Payables		1,20,000	90,000
Total		15,90,000	15,15,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets (Tangible)	1	7,50,000	7,20,000
2. Current Assets			
(a) Inventories		3,60,000	4,20,000
(b) Trade Receivables		3,00,000	2,25,000
(c) Cash and Cash Equivalents		1,80,000	1,50,000
Total		15,90,000	15,15,000

Notes to Accounts

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
1. Fixed Assets (Tangible)		
Land	2,40,000	3,00,000
	<i>31st March, 2019 (₹)</i>	<i>31st March, 2018 (₹)</i>
Plant and Machinery	7,50,000	6,00,000
<i>Less: Accumulated Depreciation</i>	2,40,000	1,80,000
	<u>5,10,000</u>	<u>4,20,000</u>
	7,50,000	7,20,000

Additional Information:

1. Interim Dividend of ₹75,000 has been paid during the year.

2. Debenture Interest paid during the year ₹ 27,000.
You are required to prepare Cash Flow Statement.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss (4,80,000 – 3,75,000)	1,05,000	
	Interim Dividend	75,000	
	Profit Before Taxation	1,80,000	
	<i>Items to be Added:</i>		
	Interest Paid on Debentures	27,000	
	Depreciation	60,000	
	Operating Profit before Working Capital Adjustments	2,67,000	
	<i>Less: Increase in Current Assets</i>		
	Trade Receivables	(75,000)	
	<i>Add: Increase in Current Liabilities</i>		
	Trade Payables	30,000	
	<i>Add: Decrease in Current Assets</i>		
Inventories	60,000		
Cash Generated from operations	2,82,000		
<i>Less: Tax Paid</i>	–		
Net Cash Flow from Operating Activities		2,82,000	
B	Cash Flow from Investing Activities		
	Sale of Land	60,000	
	Purchase of Machinery	(1,50,000)	
Net Cash Used in Investing Activities		(90,000)	
C	Cash Flow from Financing Activities		
	Proceeds from Issue of Share Capital	1,20,000	
	Redemption of 10% Debentures	(1,80,000)	
	Interim Dividend Paid	(75,000)	
	Interest Paid on Debentures	(27,000)	
Net Cash Used in Financing Activities		(1,62,000)	
D	Net Increase in Cash and Cash Equivalents		30,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>		1,50,000
	Cash and Cash Equivalents at the end of the period		1,80,000

15. Following are the Balance Sheets of Krishtec Ltd. for the years ended 31st March 2012 and 2011:

Particulars	Note No.	31st March, 2012 (₹)	31st March, 2011 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		12,00,000	8,00,000
(b) Reserves and Surplus (Surplus, i.e., Balance in Statement of Profit and Loss)		3,50,000	4,00,000
2. Non-Current Liabilities			
Long-term Borrowings		4,40,000	3,50,000
3. Current Liabilities			
(a) Trade Payables		60,000	50,000
Total		20,50,000	16,00,000
II. ASSETS			
1, Non-Current Assets			
<i>Fixed Assets:</i>			
Tangible Assets		12,00,000	9,00,000
2. Current Assets			
(a) Inventories		2,00,000	1,00,000
(b) Trade Receivables		3,10,000	2,30,000
(c) Cash and Cash Equivalents		3,40,000	3,70,000
Total		20,50,000	16,00,000

Prepare a Cash Flow Statement after taking into account the following adjustments:

- The company paid Interest ₹36,000 on its long-term borrowings.
- Depreciation charged on tangible fixed assets was ₹1,20,000

ANSWER:

Cash Flow Statement
for the year ended March 31, 2012

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss		(50,000)
	<i>Items to be Added:</i>		
	Depreciation	1,20,000	
	Interest	36,000	1,56,000
	Operating Profit before Working Capital Adjustments		1,06,000
	<i>Less: Increase in Current Assets</i>		

	Inventories	(1,00,000)	
	Trade Receivables	(80,000)	
	<i>Add: Increase in Current Liabilities</i>		
	Trade Payables	10,000	(1,70,000)
	Cash Generated from Operations		(64,000)
	<i>Less: Tax Paid</i>		NIL
	<i>Net Cash Flows from Operating Activities</i>		(64,000)
B	Cash Flow from Investing Activities		
	Purchase of Tangible Fixed Assets		(4,20,000)
	<i>Net Cash Used in Investing Activities</i>		(4,20,000)
C	Cash Flow from Financing Activities		
	Interest Paid		(36,000)
	Proceeds from Issue of Share Capital		4,00,000
	Proceeds from Long Term Borrowings		90,000
	<i>Net Cash Flow from Financing Activities</i>		4,54,000
D	Net Increase or Decrease in Cash and Cash Equivalents		(30,000)
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>		3,70,000
	Cash and Cash Equivalents at the end of the period		3,40,000

WORKING NOTE:

Tangible Fixed Assets Account

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	9,00,000	Depreciation A/c	1,20,000
Bank A/c (<i>Bal. Fig.</i>)	4,20,000	Balance c/d	12,00,000
	13,20,000		13,20,000

16. From the following Balance Sheet of JY Ltd. as at 31st March 2017, prepare a Cash Flow Statement:

BALANCE SHEET
as at 31st March, 2017

Particular	Note No.	31st March, 2017 (₹)	31st March, 2016 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		5,00,000	5,00,000
(b) Reserves and Surplus	1	1,00,000	(25,000)
2. Non-Current Liabilities			
Long-term Borrowings	2	2,50,000	1,50,000
3. Current Liabilities			
(a) Short-term Borrowings	3	1,50,000	1,10,000
(b) Short-term Provisions	4	1,25,000	75,000
Total		11,25,000	8,00,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets–Tangible	5	6,00,000	4,50,000
2. Current Assets			
(a) Trade Receivables		2,75,000	2,25,000
(b) Cash and Cash Equivalents		50,000	25,000
(c) Short-term Loans and Advances		2,00,000	1,00,000
Total		11,25,000	8,00,000

Notes to Accounts

Particular	31 st March, 2017 (₹)	31 st March, 2016 (₹)
1. Reserves and Surplus		
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	1,00,000	(25,000)
	1,00,000	(25,000)
2. Long-term Borrowings		
10% Debentures	2,50,000	1,50,000
	2,50,000	1,50,000
3. Short-term Borrowings		
Bank Overdraft	1,50,000	1,00,000
	1,50,000	1,00,000
4. Short-term Provisions		
Provision for Tax	1,25,000	75,000
	1,25,000	75,000
5. Tangible Assets		
Machinery	7,37,500	5,25,000
Accumulated Depreciation	(1,37,500)	(75,000)
	6,00,000	4,50,000

Note: Proposed Dividend for the years ended 31st March, 2016 and 2017 are ₹ 50,000 and ₹ 75,000 respectively.

Additional Information: ₹ 1,00,000, 10% Debentures were issued on 31st March, 2017.

ANSWER:

**Cash flow Statement
for the year ended 31st March, 2017**

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Closing Balance of Surplus i.e. Statement of Profit and Loss	1,00,000	
<i>Less:</i> Opening Balance of Surplus i.e. Statement of Profit and Loss	(25,000)	
	1,25,000	
<i>Add:</i> Provision for Tax made	1,25,000	
Proposed Dividend paid as on 31 st March, 2016	50,000	
Net Profit before tax and extraordinary items	3,00,000	
<i>Add:</i> Depreciation charged during the year	62,500	
Interest paid on 10% debentures	15,000	
Net Profit before Working Capital changes	3,77,500	
<i>Less:</i> Increase in Trade Receivables	(50,000)	
Net Profit before tax	3,27,500	
<i>Less:</i> Tax Paid during the year	75,000	
Cash flow from Operating Activities		2,52,500
B. Cash flow from Investing Activities		
Purchase of Machinery	(2,12,500)	
Short term loans and advances given	(1,00,000)	
Cash used in Investing Activities		(3,12,500)
C. Cash flow from Financing activities		
Proceeds from issue of 10% debentures	1,00,000	
Increase in the Bank Overdraft	50,000	
Interest paid on debentures	(15,000)	
Proposed Dividend paid	(50,000)	
Cash flow from financing activities		85,000
Net Increase in Cash and Cash Equivalents		25,000
<i>Add:</i> Cash and Cash Equivalents at the beginning of the year		25,000
Cash and Cash Equivalents at the end of the year		50,000

17. Prepare Cash Flow Statement from the following Balance Sheet:

Particulars	Note No.	31st March, 2013 (₹)	31st March, 2012 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	6,00,000	5,00,000
(b) Reserves and Surplus		4,00,000	2,00,000
2. Current Liabilities			
(a) Trade Payables		2,80,000	1,80,000
Total		12,80,000	8,80,000
II. ASSETS			
1, Non-Current Assets			
(a) Fixed Assets:			
Plant and Machinery		5,00,000	3,00,000
2. Current Assets			
(a) Inventories		1,00,000	1,50,000
(b) Trade Receivables		6,00,000	4,00,000
(c) Cash and Cash Equivalents		80,000	30,000
Total		12,80,000	8,80,000

Notes to Accounts

Particulars	31st March, 2013 (₹)	31st March, 2012 (₹)
I. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	4,00,000	2,00,000

Additional Information:

- An old machinery having book value of ₹50,000 was sold for ₹60,000.
- Depreciation provided on Machinery during the year was ₹30,000.

ANSWER:

Cash Flow Statement for the year ended March 31, 2013

	Particulars	Details (Rs)	Amount (Rs)
A	Cash from Operating Activities		
	Net Profit		2,00,000
	<i>Add:</i> Non Operating Expenses		
	Depreciation on Plant and Machinery	30,000	

	<i>Less:</i> Non Operating Incomes Profit on Sale of Machinery	(10,000)	20,000
	Operating Profit Before Working Capital Changes		2,20,000
	<i>Add:</i> Increase in Current Liabilities Trade Payables	1,00,000	
	<i>Add:</i> Decrease in Current Assets Inventories	50,000	
	<i>Less:</i> Increase in Current Assets Trade Receivables	(2,00,000)	(50,000)
	Cash Generated from Operations		1,70,000
	<i>Less:</i> Tax Paid		-
	Net Cash Flow from Operating Activities		1,70,000
B	Cash From Investing Activities		
	Sale of Plant and Machinery	60,000	
	Purchase of Plant and Machinery	(2,80,000)	
	Net Cash Used in Investing Activities		(2,20,000)
C	Cash From Financing Activities		
	Issue of Share Capital	1,00,000	
	Net Cash Flow from Financing Activities		1,00,000
D	Net Increase in Cash and Cash Equivalents		50,000
	<i>Add:</i> Cash and Cash Equivalents in beginning of the period		30,000
	Cash and Cash Equivalents at the end of the period		80,000

Working Notes:

Plant and Machinery Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
	Balance b/d		3,00,000		Depreciation		30,000
	P & L (Profit)		10,000		Bank (Sale)		60,000
	Purchases (bf)		2,80,000		Balance c/d		5,00,000
			5,90,000				5,90,000

18. Following is the summarised Balance Sheet of Philips India Ltd. as at 31st March 2018:

Particulars	Note No.	31st March, 2018 (₹)	31st March, 2017 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		13,50,000	13,50,000
(b) Reserves and Surplus	1	11,34,000	10,68,000
2. Non-Current Liabilities			
<i>Long-term Borrowings: 10% Mortgage Loan</i>		8,10,000	...
3. Current Liabilities			
(a) Trade Payables (Creditors)		4,20,000	5,04,000
(b) <i>Short-term Provisions:</i> Provision for Tax		30,000	2,25,000
Total		37,26,000	31,47,000
II. ASSETS			
1, Non-Current Assets			
(a) Fixed Assets (Tangible)		9,60,000	12,00,000
(b) Non-Current Investments		1,80,000	1,50,000
2. Current Assets			
(a) Current Investments		21,000	17,000
(b) Inventories		63,30,000	7,82,000
(c) Trade Receivables		13,65,000	6,30,000
(c) Cash and Cash Equivalents		5,70,00	4,30,000
Total		37,26,000	31,47,000

Notes to Accounts

Particulars	31st March, 2018 (₹)	31st March, 2017 (₹)
I. Reserves and Surplus		
General Reserve	9,30,000	9,00,000
Surplus, i.e., Balance in Statement of Profit and Loss	2,04,000	1,68,000
	11,34,000	10,68,000

Additional Information:

- Investments costing ₹ 24,000 were sold during the year for ₹ 25,5000.
 - Provision for Tax made during the year was ₹ 27,000.
 - During the year, a part of the Fixed Assets costing ₹ 30,000 was sold for ₹ 36,000. The profits were included in the Statement of Profit and Loss.
 - The Interim Dividend paid during the year amounted to ₹ 1,20,000.
- You are required to prepare Cash Flow Statement.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2018

	Particulars	Amount (Rs)	Amount (Rs)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss (2,04,000 – 1,68,000)	36,000	
	Transfer to General Reserve	30,000	
	Interim Dividend	1,20,000	
	Provision for Taxation	27,000	
	Profit Before Taxation	2,13,000	
	<i>Items to be Added:</i>		
	Depreciation	2,10,000	
	Profit on Sale of Investments	(1,500)	
	Profit on Sale of Fixed Assets	(6,000)	
	Operating Profit before Working Capital Adjustments	4,15,500	
	<i>Less: Increase in Current Assets</i>		
	Trade Receivables	(7,35,000)	
	<i>Less: Decrease in Current Liabilities</i>		
	Trade Payables	(1,02,000)	
	<i>Add: Decrease in Current Assets</i>		
	Inventories	90,000	
	Cash Generated from Operations	(3,31,500)	
	<i>Less: Tax Paid</i>	(2,22,000)	
	Net Cash from (used in) Operating Activities		(5,53,500)
B	Cash Flow from Investing Activities		
	Sale of Investments	25,500	
	Sale of Fixed Assets	36,000	
	Purchase of Investments	(54,000)	
	Net Cash Flow from Investing Activities		7,500
C	Cash Flow from Financing Activities		
	Proceeds from Issue of 10% Mortgage Loan	8,10,000	
	Interim Dividend Paid	(1,20,000)	
	Net Cash Flow from Financing Activities		6,90,000
D	Net Increase in Cash and Cash Equivalents		1,44,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period</i>		4,47,000
	Cash and Cash Equivalents at the end of the period		5,91,000

Working Notes:

WN1

Fixed Assets Account

Dr.

Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Balance b/d	12,00,000	Bank A/c (Sale)	36,000
Profit and Loss A/c (Profit on Sale)	6,000	Depreciation (Bal. Fig.)	2,10,000
		Balance c/d	9,60,000
	12,06,000		12,06,000

WN2

Investments Account

Dr.

Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Balance b/d	1,50,000	Bank A/c (Sale)	25,500
Profit and Loss A/c (Profit on Sale)	1,500	Balance c/d	1,80,000
Bank A/c (Purchases- Bal. Fig.)	54,000		
	2,05,500		2,05,500

WN 3

Provision for Taxation Account

Dr.

Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Bank A/c (Tax Paid- Bal. Fig.)	2,22,000	Balance b/d	2,25,000
Balance c/d	30,000	Profit and Loss A/c	27,000
	2,52,000		2,52,000

19. From the following Balance Sheet of Mishi Ltd. as at 31st March, 2019, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		16,00,000	12,00,000
(b) Reserves and Surplus	1	6,60,000	4,40,000
2. Non-Current Liabilities			
Long-term Borrowings (10% Debentures)		3,20,000	2,00,000
3. Current Liabilities			
(a) Short-term Borrowing (Bank Loan)		80,000	1,10,000
(b) Trade Payables		1,50,000	1,80,000

Total		28,10,000	21,30,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets–Tangible	2	19,00,000	12,10,000
(b) Non-Current Investments		2,70,000	2,00,000
2. Current Assets			
(a) Current Investments		1,60,000	80,000
(b) Trade Receivables		1,80,000	4,00,000
(c) Cash and Cash Equivalents	3	3,00,000	2,40,000
Total		28,10,000	21,30,000

Notes to Accounts :

Particulars	31st March, 2019 (₹)	31st March, 2018 (₹)
1. Reserves and Surplus :		
Securities Premium Reserve	20,000	...
General Reserve	3,00,000	2,40,000
Surplus <i>i.e.</i> , Balance in the Statement of Profit and Loss	3,40,000	2,00,000
	6,60,000	4,40,000
2. Fixed Assets–Tangible		
Machinery (<i>Cost</i>)	21,40,000	14,00,000
<i>Less:</i> Accumulated Depreciation	2,40,000	1,90,000
	19,00,000	12,10,000
3. Cash and Cash Equivalents		
Cash in Hand	1,40,000	1,10,000
Bank Balance	1,60,000	1,30,000
	3,00,000	2,40,000

Additional Information :

- (i) During the year, Machinery costing ₹ 1,40,000 (accumulated depreciation provided thereon ₹ 1,10,000) was sold for ₹ 20,000.
- (ii) During the year, Non-current Investments costing ₹ 80,000 were sold at a profit of ₹ 16,000.

ANSWER:

Cash Flow Statement
for the year ended March 31, 2019

	Particulars	Amount (₹)	Amount (₹)
A	Cash Flow from Operating Activities		
	Profit as per Statement of Profit and Loss	1,40,000	
	General Reserve	60,000	
	Profit Before Taxation		2,00,000
	<i>Items to be Added:</i>		
	Depreciation	1,60,000	
	Debentures Interest	20,000	
	Loss on Sale of Fixed Assets	10,000	
	<i>Items to be Deducted:</i>		
	Profit on sale of Investment	(16,000)	1,74,000
	Operating Profit before Working Capital Adjustments		3,74,000
	<i>Less: Decrease in Current Liabilities</i>		
	Trade Payables	(30,000)	
<i>Add: Decrease in Current Assets</i>			
Trade Receivables	2,20,000	1,90,000	
Cash Generated from Operations		5,64,000	
<i>Less: Tax Paid</i>		-	
Net Cash Flows from Operating Activities		5,64,000	
B	Cash Flow from Investing Activities		
	Sale of Fixed Assets	20,000	
	Sale of Non-Current Investment	96,000	
	Purchase of Non-Current Investment	(1,50,000)	
	Purchase of Fixed Assets	(8,80,000)	
Net Cash Used in Investing Activities		(9,14,000)	
C	Cash Flow from Financing Activities		
	Proceeds from Issue of Share Capital	4,00,000	
	Proceeds from Issue of issue of Debentures	1,20,000	
	Security Premium Reserve	20,000	
	Repayment of Bank Loan	(30,000)	
	Interest Paid	(20,000)	
Net Cash Flow from Financing Activities		4,90,000	
D	Net Increase Decrease in Cash and Cash Equivalents		1,40,000
	<i>Add: Cash and Cash Equivalent in the beginning of the period (1,10,000+1,30,000+80,000)</i>		3,20,000
	Cash and Cash Equivalents at the end of the period (1,40,000+1,60,000+1,60,000)		4,60,000

WORKING NOTES

Fixed Assets Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	14,00,000	Bank A/c (<i>Sale</i>)	20,000
Bank A/c (<i>Purchase- Bal. Fig.</i>)	8,80,000	Accumulated Depreciation	1,10,000
		Profit and Loss A/c (<i>Loss on Sale</i>)	10,000
		Balance c/d	21,40,000
	22,80,000		22,80,000

Accumulated Depreciation Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Fixed Assets A/c	1,10,000	Balance b/d	1,90,000
Balance c/d	2,40,000	Profit and Loss A/c (<i>Dep. charged during the year- Bal. Fig.</i>)	1,60,000
	3,50,000		3,50,000

Non-Current Investment Account

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	2,00,000	Bank A/c (<i>Sale</i>) (80,000+16,000)	96,000
Profit and Loss A/c (<i>Profit on Sale</i>)	16,000	Balance c/d	2,70,000
Bank A/c (<i>Purchase- Bal. Fig.</i>)	1,50,000		
	3,66,000		3,66,000