

CASH FLOW STATEMENT

Why do we prepare cash flow statement?																			
1	<p>Raj Ltd had a profit of Rs 2750000 for the year ended on 31st march 2009 after considering the following :</p> <p>Depreciation on building depreciation on plant Rs 45000 Goodwill write off Rs 20000 Loss on sale of machinery Rs 18000 Profit on sale of investment Rs 12000</p> <p>Following was the position of current assets and current liabilities : 31-03-2009 31-03-2008</p> <table border="0"> <tr> <td>Stock</td> <td>Rs 50000</td> <td>Rs 87000</td> </tr> <tr> <td>Bills receivables</td> <td>Rs 80000</td> <td>Rs 60000</td> </tr> <tr> <td>Notes payable</td> <td>Rs 40000</td> <td>Rs 92000</td> </tr> <tr> <td>Bank overdraft</td> <td>Rs 100000</td> <td>Rs 58000</td> </tr> <tr> <td>Outstanding salary</td> <td>Rs 150000</td> <td>Rs 67000</td> </tr> <tr> <td>Provision for doubtful debts</td> <td>Rs 5000</td> <td>Rs 7000</td> </tr> </table> <p>You are required to calculate cash flow from operating activity. The following balances appeared in plant account and accumulated depreciation account in the books of bharat limited:</p>	Stock	Rs 50000	Rs 87000	Bills receivables	Rs 80000	Rs 60000	Notes payable	Rs 40000	Rs 92000	Bank overdraft	Rs 100000	Rs 58000	Outstanding salary	Rs 150000	Rs 67000	Provision for doubtful debts	Rs 5000	Rs 7000
Stock	Rs 50000	Rs 87000																	
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3	<table border="0"> <tr> <td></td> <td>31st march 2005</td> <td>31st march 2006</td> </tr> <tr> <td>Plant</td> <td>750000</td> <td>970000</td> </tr> <tr> <td>Accumulated depreciation</td> <td>180000</td> <td>240000</td> </tr> </table> <p>Additional information- plant costing Rs 145000; accumulated depreciation thereon 70000 were sold for Rs 35000. Compute the amount of plant purchased, depreciation charged for the year and loss on sale of plant. Show how each of the items related to plant will be shown in the cash flow statement.</p>		31 st march 2005	31 st march 2006	Plant	750000	970000	Accumulated depreciation	180000	240000									
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4	<p>X limited made a profit of Rs 100000 after charging depreciation of Rs 20000 on assets and transfer to general reserve of Rs 30000. The goodwill written off was Rs 7000 and gain on sale of machinery was Rs 3000. The other information available to you(change in value of current assets and current liabilities) is as follows:</p> <p>Debtors shows an increase of Rs 6000; creditors an increase of Rs 10000; prepaid expenses an increase of Rs 200; bills receivables a decrease of Rs 3000; bills payable a decrease of Rs 4000 and outstanding expenses a decrease of Rs 2000. Ascertain the cash flow from the operating activities. The following balances appeared in plant account and accumulated depreciation account in the books of bharat limited:</p>																		
5	<table border="0"> <tr> <td></td> <td>31st march 2005</td> <td>31st march 2006</td> </tr> <tr> <td>Plant</td> <td>850000</td> <td>1170000</td> </tr> <tr> <td>Accumulated depreciation</td> <td>180000</td> <td>200000</td> </tr> </table> <p>Additional information- depreciation charged o plant during the year amounted to Rs 50000. During the year plant costing Rs 75000 was sold for Rs 40000. Compute the amount of plant purchased, depreciation charged for the year and loss on sale of plant. Show how each of the items related to plant will be shown in the cash flow statement.</p>		31 st march 2005	31 st march 2006	Plant	850000	1170000	Accumulated depreciation	180000	200000									
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<table border="1"> <tr> <td colspan="4">Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:</td> </tr> <tr> <td>Particulars</td> <td>Note No.</td> <td>31-03-2012</td> <td>31-03-2011</td> </tr> </table>		Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:				Particulars	Note No.	31-03-2012	31-03-2011										
Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:																			
Particulars	Note No.	31-03-2012	31-03-2011																

I. EQUITY AND LIABILITIES			
1) Shareholders Funds			
a) Share Capital		700000	600000
b) Reserve And Surplus(Profit & Loss Bal.)		200000	110000
2) Non- Current Liabilities			
Long Term Borrowings		300000	200000
3) Current Liabilities			
Trade Payables		<u>30000</u>	<u>25000</u>
TOTAL		1230000	935000
II. ASSETS			
1) Non- Current Assets			
Fixed Assets (Tangible Assets)		1100000	800000
2) Current Assets			
a) Inventories		70000	60000
b) Trade Receivables		32000	40000
c) Cash And Cash Equivalents		<u>28000</u>	<u>35000</u>
TOTAL		1230000	935000

Prepare cash flow statement.

2 Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:

Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES			
1) SHAREHOLDERS FUNDS			
a. SHARE CAPITAL		700000	600000
b. RESERVE AND SURPLUS(PROFIT & LOSS BAL.)		200000	110000
2) NON- CURRENT LIABILITIES			
LONG TERM BORROWINGS		300000	200000
3) CURRENT LIABILITIES			
TRADE PAYABLES		<u>30000</u>	<u>25000</u>
TOTAL		1230000	935000
II. ASSETS			
1. NON- CURRENT ASSETS			
FIXED ASSETS (TANGIBLE ASSETS)		1100000	800000
2. CURRENT ASSETS			
a. INVENTORIES		70000	60000
b. TRADE RECEIVABLES		32000	40000
c. CASH AND CASH EQUIVALENTS		<u>28000</u>	<u>35000</u>
TOTAL		1230000	935000

Additional information:

During the year a piece of machinery of the book value of Rs 80000 was sold for Rs 65000. Depreciation provided on tangible assets during the year amounted to Rs 200000.

prepare cash flow statement.

3 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share capital		1350000	1350000
b. Reserves and surplus	1	1134000	1068000
2. Non-current Liabilities			
10% debentures		810000	Nil
3. Current liabilities			
a. Creditors		302000	504000
b. Short-term provision	2	<u>130000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
ASSETS			
1. Non-current Assets			
a. Fixed Assets		960000	1200000
b. investment		180000	150000
2. Current Assets			
a. Current investment		21000	17000
b. Inventories		630000	720000
c. Trade Recievables		1365000	630000
d. Cash & cashequivalents(Bank)		<u>570000</u>	<u>430000</u>
Total		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	130000	225000

Additional information:

- During the year depreciation charged on fixed assets amounted to Rs 50000.
- During the year tax paid amounted to Rs 120000.

4 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilities			
10% debentures		810000	Nil

Current liabilities			
Creditors		302000	504000
Short-term provision	2	<u>130000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000
Trade Recievables		1365000	630000
Cash and cash equivalents(Bank)		<u>570000</u>	<u>430000</u>
Total		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	130000	225000

Additional information:

- c) During the year depreciation charged on fixed assets amounted to Rs 50000.

5 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilities			
10% debentures		810000	Nil
Current liabilities			
Creditors		402000	504000
Short-term provision(Proposed Dividend)		<u>30000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000

Trade Receivables		1365000	630000
Cash and cash equivalents(Bank)		<u>570000</u>	<u>430000</u>
Total		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000

Additional information:

During the year depreciation charged on fixed assets amounted to Rs 50000.

6 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilities			
10% debentures		810000	Nil
Current liabilities			
Creditors		402000	504000
Short-term provision(Proposed Dividend)		<u>30000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000
Trade Receivables		1365000	630000
Cash and cash equivalents(Bank)		<u>570000</u>	<u>430000</u>
Total		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000

Additional information:

- d) During the year depreciation charged on fixed assets amounted to Rs 50000.
- e) Interim dividend paid during the year amounted to Rs 30000.
- f) During the year machinery costing Rs 80000 with book value of Rs

55000 was sold for Rs 40000.

7 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
I.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
a. Share capital		1350000	1350000
b. Reserves and surplus	1	1134000	1068000
2.Non-current Liabilities			
10% debentures		810000	Nil
3.Current liabilities			
a. Creditors		302000	504000
b. Short-term provision	2	<u>130000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
II.ASSETS			
1.Non-current Assets			
a. Fixed Assets			
Tangible		1500000	1200000
Intangible (Goodwill)			
b. Investment (Non- Current)		30000	50000
2.Current Assets			
a. Current investment		180000	150000
b. Inventories		21000	17000
c. Trade Receivables		600000	700000
d. Cash and cash equivalents(Bank)		825000	600000
Total		<u>570000</u>	<u>430000</u>
		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	100000	200000
Proposed Dividend	<u>30000</u>	<u>25000</u>
	<u>130000</u>	<u>225000</u>

Additional information:

- g) During the year depreciation charged on fixed assets amounted to Rs 50000.
- h) During the year investment (non-current) of book value Rs 20000 was sold for Rs 36000.
- i) During the year fixed Assets costing Rs 80000 accumulated depreciation charged Rs 25000 was sold for Rs 32000.

8 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	2012	2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
a. Share capital		675000	787500
b. Reserves and surplus	1	320625	506250
Non-current Liabilities			
Long- term Borrowings (10% Debentures)		337500	225000
Current liabilities			
a. Creditors		180000	281250
b. other current liabilities	2	11250	13500
c. Short-term provision	3	<u>112500</u>	<u>123750</u>
Total		<u>1636875</u>	<u>1937250</u>
ASSETS			
Non-current Assets			
a. Fixed Assets (Tangible)		900000	1068750
b. 10% Investment(non-current)		192500	192500
Current Assets			
a. Inventories		225000	303750
b. Trade Receivables		298125	348750
c. Other current assets (PrepaidExp.)		11250	13500
d. Cash and cash equivalents(Bank)		<u>10000</u>	<u>10000</u>
Total		<u>1636875</u>	<u>1937250</u>

Note to Account:

PARTICULARS	31-03-12	31-03-13
Note 1-Reserve and Surplus		
General reserve	225000	281250
Statement of profit and loss	<u>95625</u>	<u>225000</u>
	<u>320625</u>	<u>506250</u>
Note 2 Other current liabilities		
Outstanding Expenses	11250	13500
Note 3-Short-term provisions		
Provision for Tax	78750	85500
Proposed dividend	<u>33750</u>	<u>38250</u>
	<u>112500</u>	<u>123750</u>

Additional information:

- j) During the year depreciation charged on fixed assets amounted to Rs 150000.
- k) During the year tax paid amounted to Rs 60000.
- l) During the year fixed Assets costing Rs 100000 accumulated depreciation charged Rs 25000 was sold for Rs 42000.

9 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and

2013:

Particulars	Note No	31-03-13	31-03-12
I.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
2.Non-current Liabilities			
10% debentures		810000	Nil
3.Current liabilities			
Creditors		302000	504000
Short-term provision	2	<u>130000</u>	<u>225000</u>
Total		<u>3726000</u>	<u>3147000</u>
II.ASSETS			
1.Non-current Assets			
Fixed Asset			
a. Tangible		1500000	1200000
b. Intangible (Goodwill)			
Investment (Non- Current)		30000	50000
2.Current Assets			
a. Current investment		180000	150000
b. Inventories		21000	17000
c. Trade Receivables		600000	700000
d. Cash and cash equivalents(Bank)		825000	600000
Total		<u>570000</u>	<u>430000</u>
		<u>3726000</u>	<u>3147000</u>

Note to Account:

PARTICULARS	31-03-13	31-03-12
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	<u>204000</u>	<u>168000</u>
	<u>1134000</u>	<u>1068000</u>
Note 2		
Short term provision		
Provision for Tax	100000	200000
Proposed Dividend	<u>30000</u>	<u>25000</u>
	<u>130000</u>	<u>225000</u>

Additional information:

During the year depreciation charged on fixed assets amounted to Rs 130000. During the year investment (non-current) of book value Rs 20000 was sold for Rs 36000. During the year fixed Assets of book value Rs 20000 was sold for Rs 32000.

THE BALANCE SHEET OF SUNDER STEEL LTD. AS ON 31-03-2012 AND 31-03-2013 WERE AS FOLLOWS:

Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:

Particulars	Note No.	31-03-2013	31-03-2012
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS			
a. SHARE CAPITAL	1	200000	150000
b. RESERVE AND SURPLUS	2		59500
2. NON- CURRENT LIABILITIES		91000	nil
LONG TERM BORROWINGS		nil	
3. CURRENT LIABILITIES			
a. TRADE PAYABLES			66500
b. OTHER CURRENT LIABILITIES		4000	5950
TOTAL		<u>1750</u>	<u>281950</u>
		<u>376750</u>	
II. ASSETS			
1. NON- CURRENT ASSETS			
FIXED ASSETS			
a. TANGIBLE ASSETS	3	285750	199000
b. INTANGIBLE ASSETS	4	7000	-----
2. CURRENT ASSETS			
a. INVENTORIES			38500
b. TRADE RECEIVABLES		26250	35000
c. CASH AND CASH EQUIVALENTS			9450
TOTAL		<u>50750</u>	<u>281950</u>
		<u>7000</u>	
		<u>376750</u>	

ADDITIONAL INFORMATION:

during the year depreciation charged on plant and machinery amounted to Rs 12250.

notes to accounts:

	31-03-2013	31-03-2012
Note 1. share capital	200000	150000
NOTE 2. RESERVE AND SURPLUS		
Balance in statement of profit and loss	66500	42000
General reserve	24500	17560
NOTE 3. TANGIBLE ASSETS		
Land and building	42000	24500
Plant and machinery	243750	174500
NOTE 4. INTANGIBLE ASSETS		
Goodwill	7000	Nil