

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 13.03.2021

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Cash Flow Statement

Question 1:

Anand Ltd., arrived at a net income of Rs 5,00,000 for the year ended March 31, 2017. Depreciation for the year was Rs 2,00,000. There was a profit of Rs 50,000 on assets sold which was transferred to Statement of profit and Loss account. Trade Receivables increased during the year Rs 40,000 and Trade Payables also increased by Rs 60,000. Compute the cash flow operating activities by the indirect approach.

ANSWER:

Cash Flow from Operating Activities as on March 31, 2017

Particulars	Amount (₹)	Amount (₹)
Net Profit during the year		5,00,000
<i>Items to be adjusted:</i>		
Add: Depreciation	2,00,000	
Less: Gain on sale of assets	(50,000)	1,50,000
Operating Profit before Working Capital changes		6,50,000
Add: Increase in Trade Payables	60,000	
Less: Increase in Trade Receivables	(40,000)	20,000
Net Cash from Operations		6,70,000

Question 2:

From the information given below you are required to calculate the cash paid for the inventory:

Particulars	(Rs)
Inventory in the beginning	40,000

Credit Purchases	1,60,000
Inventory in the end	38,000
Trade payables in the beginning	14,000
Trade payables in the end	14,500

ANSWER:

Trade Payables Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
	Cash (<i>Balancing fig.</i>)		1,59,500		Balance b/d		14,000
	Balance c/d		14,500		Purchases		1,60,000
			<u>1,74,000</u>				<u>1,74,000</u>

Cash paid for Inventory amounts to Rs 1,59,500

Question 3:

For each of the following transactions, calculate the resulting cash flow and state the nature of cash flow, viz., operating, investing and financing.

(a) Acquired machinery for Rs 2,50,000 paying 20% by cheque and executing a bond for the balance payable.

(b) Paid Rs 2,50,000 to acquire shares in Informa Tech. and received a dividend of Rs 50,000 after acquisition.

(c) Sold machinery of original cost Rs 2,00,000 with an accumulated depreciation of Rs 1,60,000 for Rs 60,000.

ANSWER:

$$\text{Amount paid for Machinery} = 2,50,000 \times \frac{20}{100} = 50,000$$

(a) Part payment Rs 50,000 for acquiring machinery Rs 2,50,000 is related with Investing Activities

(b)

Rs

Amount paid for acquiring shares (2,50,000)

Dividend received	50,000
Net Cash used in Investing	(2,00,000)
Activities	

Amount paid to acquire assets and dividend received is a part of Investing Activities.

(c) Inflow of cash of Rs 60,000 on sale of machinery is a part Investing Activities.
