



Q7. From the following Balance Sheet of Mohan Ltd. Prepare cash flow Statement

**Balance Sheet of Mohan Ltd.,  
as on 31<sup>st</sup> March 2014 and 31<sup>st</sup> March, 2015**

Particulars	Note No.	2015 Rs.	2014 Rs.
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
a. Equity share capital		3,00,000	2,00,000
b. Reserves and surplus		2,00,000	1,60,000
<b>2. Non-current liabilities</b>			
a. Long-term borrowings	1	80,000	1,00,000
<b>3. Current liabilities</b>			
a. Trade payables		1,20,000	1,40,000
b. Short-term provisions	2	70,000	60,000
<b>Total</b>		<b>7,70,000</b>	<b>6,60,000</b>
<b>II. Assets</b>			
<b>1. Non- Current assets</b>			
a. Fixed assets	3	5,00,000	3,20,000
<b>2. Current assets</b>			
a. Inventories		1,50,000	1,30,000
b. Trade receivable	4	90,000	1,20,000
c. Cash and Cash equivalents	5	30,000	90,000
<b>Total</b>		<b>7,70,000</b>	<b>6,60,000</b>

Particulars	2015 Rs.	2014 Rs.
<b>1. Long-term borrowings</b>		
Bank loan	80,000	1,00,000
<b>2. Short-term provision</b>		
Proposed dividend	70,000	60,000
<b>3. Fixed Assets</b>	6,00,000	4,00,000
Less: Accumulated Depreciation	1,00,000	80,000
(Net) Fixed Assets		
Short-term provisions	5,00,000	3,20,000
<b>4. Trade Receivable</b>		
Debtors	60,000	1,00,000
Bills receivables	30,000	20,000
	90,000	1,20,000
<b>5. Cash and cash equivalents</b>		
Bank	30,000	90,000

Additional Information: Machine Costing Rs.80,000 on which accumulated depreciation was Rs.50,000 was sold for Rs.20,000.

Solution:

Cash Flow Statement of Mohan Ltd.			
	Particulars	Rs.	Rs.
A.	<b>Cash Flow from Operating Activities:</b>		
	Profit as per the balance Sheet (2,00,000 -1,60,000)	40,000	
	Proposed Dividend	70,000	1,10,000
	Net Profit Before Taxation and Extraordinary items		
	Adjustment:		
	Depreciation	70,000	
	Loss on sale of Machine	10,000	80,000
	Operating profit before working capital changes		1,90,000
	Add: Decrease in Current Assets		
	-Debtors	40,000	40,000
			2,30,000
	Less: Increase in Current Assets		
	-Inventories	(20,000)	
	Bills Receivable	(10,000)	
	Less: Decrease in Current Liabilities	(20,000)	50,000
	Trade Payable		1,80,000
	<b>Net Cash From Operations</b>		
B.	<b>Cash Flow from Investing Activities</b>		
	Proceeds From Sale of Fixed Assets		20,000
	Purchases of Fixed Assets		(2,80,000)
	<b>Net Cash outflow From Investing Activities</b>		(2,60,000)
C.	<b>Cash Flow from Financing Activities</b>		
	Issue of Share		1,00,000
	Bank Loan Paid		(20,000)
	Dividend Paid		(60,000)
	<b>Net Cash Flow from Financing Activities</b>		20,000
D.	<b>Net Decrease in Cash and Cash Equivalent (A+B+C)</b>		
	Add: Cash and Cash Equivalent in the beginning		90,000
E.	<b>Cash and Cash Equivalents at the end</b>		30,000

Fixed Assets Account							
Dr.				Cr.			
Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
	To Balance b/d		4,00,000		By Bank A/c		20,000
	To Bank A/c (Purchases Balancing figure)		2,80,000		By Profit and Loss A/c		10,000
					By Accumulated Depreciation A/c		50,000
					By Balance c/d		6,00,000
			6,80,000				6,80,000

Accumulated Depreciation Account							
Dr.				Cr.			
Date	Particulars	J.F	Rs.	Date	Particulars	J.F	Rs.
	To Fixed Assets A/c		50,000		By Balance b/d		80,000
	To Balance c/d		1,00,000		By Profit and Loss A/c (Balance Fig)		70,000
			1,50,000				1,50,000

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