



Q4. The following is the Profit and Loss Account of Yamuna Limited:

Particulars		Note No.	₹
i.	Revenue from Operations		10,00,000
ii.	Expenses		
	Cost of Material Consumed	1	50,000
	Purchase of Stock-in-trade		5,00,000
	Other Expenses	2	3,00,000
	Total Expenses		8,50,000
iii.	Profit before Tax (i - ii)		1,50,000

Additional information:

- Trade receivables decrease by Rs.30,000 during the year.
 - Prepaid expenses increase by Rs.5,000 during the year.
 - Trade payables decrease by Rs.15,000 during the year.
 - Outstanding expenses payable increased by Rs.3,000 during the year.
 - Other expenses included depreciation of Rs.25,000.
 - Compute net cash provided by operations for the year ended March 31, 2014* by the indirect method.
- There is a misprint in the question, it should be 2015 instead of 2014

Solution:

Cash Flow from Operating Activities of Yamuna Limited as on March 31, 2015		
Particulars	₹	₹
Net Profit earned during the year		1,50,000
Items to be added:		
Depreciation		25,000
Operating profit before working capital changes		1,75,000
Add: Increase in Current Liabilities		
Outstanding Expenses	3,000	
Add: Decrease in Current Assets		
Trade Receivables	30,000	
Stock	50,000	83,000
Less: Decrease in Current liabilities		
Trade Payables	(15,000)	
Less: Increase in Current Assets		
Prepaid Expenses	(5,000)	(20,000)
Net Cash from Operations		2,38,000

Note: As per the solutions ,the Net Cash from Operating Activities is Rs.2,38,000,however,as per the answer given in the book is Rs.2,18,000

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