



Q9. From the following information, Prepare cash flow Statement

| Particulars | Note No. | 31 st March 2015 Rs. | 31 st March 2014 Rs. |
|-----------------------------------|----------|------------------------------------|------------------------------------|
| I. Equity and Liabilities | | | |
| 1. Shareholders' Funds | | | |
| a. Share capital | | 7,00,000 | 5,00,000 |
| b. Reserves and surplus | | 4,70,000 | 2,50,000 |
| 2. Non-Current Liabilities | | | |
| (8% Debentures) | | 4,00,000 | 6,00,000 |
| 3. Current liabilities | | | |
| Trade payables | | 9,00,000 | 6,00,000 |
| Total | | 24,70,000 | 19,50,000 |
| II. Assets | | | |
| 1. Non- Current assets | | | |
| a. Fixed assets | | | |
| i. Tangible | | 7,00,000 | 5,00,000 |
| ii. Intangible - Goodwill | | 1,70,000 | 2,50,000 |
| 2. Current assets | | | |
| a. Inventory | | 6,00,000 | 5,00,000 |
| b. Trade receivable | | 6,00,000 | 4,00,000 |
| c. Cash and Cash equivalents | | 4,00,000 | 3,00,000 |
| Total | | 24,70,000 | 19,50,000 |

Solutions:

Cash Flow Statement
For the year ending March 31, 2014

| | Particular | Dr | Rs. |
|----|--|------------|------------|
| A. | Cash From Operating Activities Net Profit: | | |
| | Items to be Added: | | 2,20,000 |
| | Interest on Debenture | 48,000 | |
| | Depreciation on Fixed assets | 80,000 | |
| | Goodwill written off | 80,000 | |
| | Operating profit before working capital changes Adjustment: | | 4,28,000 |
| | Add: Increase in Current Liabilities | | |
| | Creditors | 3,00,000 | |
| | Less: Increase in Current Assets | | |
| | Inventories | (1,00,000) | |
| | Trade Receivables | (2,00,000) | |
| | Cash Generated from Operations | | 4,28,000 |
| | Less: Tax Paid | | |
| | Net Cash From Operations Activities | | 4,28,000 |
| B. | Cash from Investing Activities | | |
| | Purchases of Fixed Assets (WN) | (2,80,000) | |
| | Net Cash From Investing Activities | | (2,80,000) |
| C. | Cash Flow from Financing Activities | | |
| | Issue of Equity Share | 2,00,000 | |
| | Redemption of Debenture | (2,00,000) | |
| | Interest paid on Debenture | (48,000) | |
| | Net Cash Flow from Financing Activities (C) | | (48,000) |
| D. | Net Increase in Cash (A+B+C) | | 1,00,000 |
| | Add: Opening Cash and Cash Equivalent | | 3,00,000 |
| | Closing Cash and Cash Equivalent | | 4,00,000 |

Working Note:

Fixed Assets Account

| Dr. | | | | Cr | | | |
|------|-------------------------------------|-----|----------|------|---------------------|-----|----------|
| Date | Particulars | J.F | Rs. | Date | Particulars | J.F | Rs. |
| | To Balance c/d | | 5,00,000 | | By Depreciation A/c | | 80,000 |
| | To Purchases A/c (Balancing figure) | | 2,80,000 | | By Balance c/d | | 7,00,000 |
| | | | 7,80,000 | | | | 7,80,000 |

***** END *****