



Numerical Problems

Q1. Anand Ltd. arrived at a net income of Rs.5,00,000 for the year ended March 31, 2014. 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.

Solution:

Cash Flow from Operating Activities as on March 31, 2014			
	Particulars	₹	₹
	Net Profit during the year		5,00,000
	Items to be adjusted:		
	Add: Depreciation	2,00,000	
	Less: Profit on sale of assets	50,000	1,50,000
	Operating Profit before Working Capital changes		6,50,000
	Add: Increase in Trade Payable	60,000	
	Less: Increase in Trade Receivable	40,000	20,000
	Net Cash from Operations		6,70,000

***** END *****