



Q5. Compute cash from operations from the following figures:

- i. Profit for the year 2014-15 is a sum of **Rs.10,000** after providing for depreciation of **Rs.2,000**.
- ii. The current assets of the business for the year ended March 31, 2014 and 2015 are as follows:

Particulars	March 31, 2014 Rs.	March 31, 2015 Rs.
Trade Receivables	14,000	15,000
Provision for Doubtful Debts	1,000	1,200
Trade Payables	13,000	15,000
Inventories	5,000	8,000
Other Current Assets	10,000	12,000
Expenses payable	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued Income	3,000	4,000
Income received in advance	2,000	1,000

Solution:

Cash Flow Statement
For the year ending March 31,2015

Particulars	Rs.	Rs.
Cash From Operating activities		
Net Profit		10,000
Items to be added:		
Depreciation	2,000	2,000
Operating profit before working capital Adjustment		12,000
Less: Increase in Current Assets		
Trade Receivables	(1,000)	
Accrued Income	(1,000)	
Other Current Assets	(2,000)	
Inventories	(3,000)	
Add: Increase in Current liabilities		
Provision for Doubtful Debts	200	
Trade Payables	2,000	
Expenses payable	500	
Add: Decrease in Current Assets		
Prepaid Expenses	1,000	
Less: Decrease in Current liabilities		
Income received in advance	(1,000)	(4,300)
Net Cash from Operations Activities		7,700

***** END *****