



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

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

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

Particulars	2015 Rs.	2014 Rs.
1. Long-term borrowings		
Bank loan	80,000	1,00,000
2. Short-term provision		
Proposed dividend	70,000	60,000
3. Fixed Assets	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
4. Trade Receivable		
Debtors	60,000	1,00,000
Bills receivables	30,000	20,000
	90,000	1,20,000
5. Cash and cash equivalents		
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.	Cash Flow from Operating Activities:		
	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
	Net Cash From Operations		
B.	Cash Flow from Investing Activities		
	Proceeds From Sale of Fixed Assets		20,000
	Purchases of Fixed Assets		(2,80,000)
	Net Cash outflow From Investing Activities		(2,60,000)
C.	Cash Flow from Financing Activities		
	Issue of Share		1,00,000
	Bank Loan Paid		(20,000)
	Dividend Paid		(60,000)
	Net Cash Flow from Financing Activities		20,000
D.	Net Decrease in Cash and Cash Equivalent (A+B+C)		
	Add: Cash and Cash Equivalent in the beginning		90,000
E.	Cash and Cash Equivalents at the end		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

*****END*****