

**Practice Questions**  
**Cash Flow Statement**

**Problem I**

Following are the balance sheets of Avik Aviations Limited as at 31st March 2017 and 31st March 2018 :

Particulars	Note No.	2018 (₹)	2017 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders funds</b>			
Share capital	1	45,00,000	40,00,000
Reserves and surplus	2	62,50,000	57,00,000
<b>2. Non-current liabilities</b>			
Long-term borrowings	3	5,00,000	10,00,000
Other long-term liabilities			
Long-term provisions			
<b>3. Current liabilities</b>			
Short-term borrowings			
Trade payables	4	13,50,000	12,50,000
Other short-term liabilities (Expenses due)		1,00,000	1,30,000
Short-term provisions (Provision for tax)		7,50,000	5,15,000
Total		<b>1,34,50,000</b>	<b>1,25,95,000</b>
<b>I. ASSETS</b>			
<b>1. Non-current assets</b>			
Fixed assets			
Tangible assets	5	58,75,000	47,75,000
Intangible assets (Patents)		70,000	50,000
Non-current investments		7,00,000	12,00,000
Long-term loans and advances		17,80,000	16,75,000
Other non-current assets			
<b>2. Current assets</b>			
Inventories		23,00,000	22,30,000
Trade receivables		20,50,000	21,65,000
Cash and cash equivalents (bank)		6,75,000	5,00,000
Total		<b>1,34,50,000</b>	<b>1,25,95,000</b>

**Notes to Accounts**

Particulars	(2018) ₹	(2017) ₹
<b>1. Share capital</b>		
Equity shares of ₹ 10 each	30,00,000	20,00,000
Preference shares of ₹ 100 each	15,00,000	20,00,000
	<b>45,00,000</b>	<b>40,00,000</b>
<b>2. Reserves and surplus</b>		
Security premium	7,50,000	7,00,000
Surplus	55,00,000	50,00,000
	<b>62,50,000</b>	<b>57,00,000</b>

<b>3. Long-term borrowings</b>		
15% Debentures	5,00,000	10,00,000
	5,00,000	10,00,000
<b>4. Trade payables</b>		
Creditors	11,00,000	9,00,000
Bills payables	2,50,000	3,50,000
	1,350,000	12,50,000
<b>5. Tangible assets</b>		
Land and buildings	48,75,000	43,00,000
Less: Accumulated depreciation	-12,50,000	-11,50,000
	36,25,000	31,50,000
Plant	27,00,000	20,00,000
Less: Accumulated depreciation	-4,50,000	-3,75,000
	22,50,000	16,25,000
<b>Total</b>	<b>58,75,000</b>	<b>47,75,000</b>

*Additional information :*

- Debentures were redeemed at 10% premium on 1st October, 2017, Investments were sold at 40% profit on cost.
- During the year plant costing ₹ 3,00,000 (accumulated depreciation thereon ₹ 1,10,000) was sold at 40% profit on book value.
- During the year building worth ₹ 5,75,000 was purchased by issue of 25,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share and balance by cheque
- Tax paid during the year amounted to ₹ 5,50,000

(15)

Prepared Cash Flow Statement

## **Problem II**

- From the particulars given below. Prepare cash flow statement as per AS-3 (Revised) using indirect method:

### **Balance Sheets as at 31st March**

	2016 (₹)	2015 (₹)
<b>EQUITY AND LIABILITIES</b>		
Equity Share Capital	80,000	55,000
10% Preferenc Share Capital	20,000	25,000
General Reserve	7,600	4,000
Profit and Loss Account	2,400	2,000
15% Debentures	14,000	12,000
Creditors	22,000	24,000
Proposed dividend	8,000	10,000
Provision for taxation	8,400	6,000
	<b>1,62,400</b>	<b>1,38,000</b>
<b>ASSETS</b>		
Fixed Assets	80,000	82,000
Less : Accumulated Depreciation	30,000	22,000
	50,000	60,000
Stock	70,000	60,000
Debtors	34,400	15,000
Cash	7,000	2,400
Prepaid expenses	1,000	600
	<b>1,62,400</b>	<b>1,38,000</b>

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**Additional Information :**

- (1) Provision for tax made for the year ₹ 9,400
- (2) Fixed assets costing ₹ 20,000 (accumulated depreciation till date of sale on them ₹ 6,000) were sold for ₹ 10,000.
- (3) Interim dividend paid during the year ₹ 9,000. Proposed dividend of last year was declared and paid during the year. Ignore corporate dividend tax.
- (4) New debentures were issued on 31st March, 2016. Show your workings clearly.

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**Problem III**

**Q. 14.** J Ltd. presents the following information for the year ended 31st March, 2016 :

Particulars	₹ in lakh
Net profit before tax provision	36,000
Dividend paid	10,202
Income tax paid	5,100
Book value of asset sold	222
Loss on sale of asset	48
Depreciation debited in Profit and Loss Statement	24,000
Capital grant received = Amortised in Profit and Loss Statement	10
Book value of investments sold	33,318
Profit on sale of Investments	120
Interest income from investments credited in Profit & Loss Statement	3,000
Interest expense debited in Profit and Loss Statement	12,000
Interest actually paid	13,042
Increase in Working Capital (excluding cash and bank balance)	67,290
Purchase of Fixed Assets	22,092
Expenditure on construction work	41,688
Grant received for capital projects	18
Long term borrowings from bank	55,866
Provision for income tax debited in Profit and Loss Statement	6,000
Cash and bank balance on 1-4-2015	6,000
Cash and bank balance on 31-3-2016	8,000

You are required to prepare a Cash Flow Statement as per AS-3 (Revised)

## Problem IV

From the following Balance Sheets of a company as at 31<sup>st</sup> December 2016 and 2017, you are required to prepare a statement of cash flow :

	Particulars	Note No.	2016(₹)	2017 (₹)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Shareholder's Funds</b>			
	(a) Share Capital			
	Equity Share Capital		75,000	1,20,000
	10% Preference Share Capital		1,00,000	80,000
	(b) Reserve and Surplus			
	Reserve for Replacement of Machinery		15,000	20,000
	Surplus Account		1,00,350	1,02,700
	<b>2. Non-Current Liabilities</b>			
	(a) Long-term Borrowings (Loan)		—	40,000
	<b>3. Current Liabilities</b>			
	(a) Short-term Borrowings (Bank overdraft) (part of cash and cash management)		22,000	—
	(b) Trade Payables (Creditors)		96,450	99,550
	Total		4,08,800	4,62,250
<b>II.</b>	<b>ASSETS</b>			
	<b>1. Non-Current Assets</b>			
	(a) Fixed Assets (Tangible)		2,40,070	2,53,730

	Less: Depreciation	(90,020)	(98,480)
	(b) Non-Current Investments	1,50,050	1,55,250
	<b>2. Current Assets</b>	61,000	86,000
	(a) Inventories (Stock-in-trade)		
	(b) Trade Receivables (Debtors)	98,000	1,04,000
	(c) Cash and Cash Equivalents (Bank)	88,000	85,000
		11,750	32,000
	Total	4,08,800	4,62,250

Additional information :

- During the year, additional equity capital was issued to the extent of ₹ 25,000 by way of bonus shares fully paid up.
- Final dividend on preference shares and an interim dividend of ₹ 4,000 on equity shares were paid on 31-12-2017.
- Proposed dividends for the year 2016 of ₹ 12,000 declared and paid in July, 2017.
- During the year, one item of plant was up valued by ₹ 3,000 and credit for this was taken in the profit and loss A/c.
- Fixed assets costing ₹ 6,000 (Accumulated Dep ₹ 4,800) were sold for ₹ 250. Loss arising therefrom was written off.
- Preference shares redeemed in the year (2017) were paid out of a fresh issue of equity shares. Premium paid on redemption was 10%.