

21. From the following information, calculate the amount of cash from investing activities:

Acquired machinery for 10,00,000 paying 10% immediately in cash and accepting a draft for the balance in favour of the vendor, payable after three months.

Solution:

Calculation of cash flow from investing activities

Particular	₹
Payment made to acquired machinery (10% of 10,00,000)	1,00,000
Cash flow from investing activities	1,00,000

22. Mars Ltd. has plant and machinery whose written down value on 1st April, 2022 was 9,60,000 and on 31st March, 2023 was 10,50,000. Depreciation for the year was 35,000. In the beginning of the year, a part of plant was sold for 45,000 which had a written down value of 30,000.

Calculate cash flow from investing activities.

Solution:

Calculation of cash flow from investing activities

Particular	₹
Add sale of plant (W. N. 1)	45,000

Less purchase of plant & Machinery (W. N. 1)	(15,5,000)
Net cash used in investing Activities	(1,10,000)

Working Note:

Dr. Plant & Machinery A/c
Cr.

Particular	₹	Particular	₹
To balance B/d	9,60,000	By bank a/c (sale)	45,000
To profit & loss A/c (profit)	15,000	By Depreciation A/c	35,000
To bank A/c (bal. figure)		By Balance c/d	10,50,000
	<u>11,30,000</u>		<u>11,30,000</u>

23. From the following information, calculate cash flow from investing activities:

Particulars	31 st March 2022 ₹	31 st March 2023 ₹
Investment in 10% Debentures	10,00,000	5,00,000

Land and building	15,00,000	9,00,000
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Additional Information:

1. Half of the investments held in the beginning of the year were sold at 10% profit.
2. Depreciation on land and building was 50,000 for the year.
3. Interest received on investment 75,000.

Solution:

Cash flow from investing Activities

Particular	₹
Add sale of investment (W. N. 1)	2,75,000
Interest received	<u>75,000</u>
	3,50,000
Less: Purchase of investment (W. N. 1) (7,50,000)	
Less: Purchase of Land & Building (W.N.2) <u>(6,50,000)</u>	<u>(14,00,000)</u>
Net cash used in investing Activities	(10,50,000)

Working notes:

Investment A/c

Particular	₹	Particular	₹
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To balance B/d	5,00,000	By bank a/c (sale)	2,75,000
To profit & loss A/c (profit)	25,000	By Balance c/d	10,00,000
To bank A/c (Purchase)	75,000		
	<u>12,75,000</u>		<u>12,75,000</u>

Dr. Land & building A/c
Cr.

Particular	₹	Particular	₹
To balance B/d	9,00,000	By Depreciation A/c	50,000
To bank A/c (Purchase)	6,50,000	By Balance c/d	15,00,000
	<u>15,50,000</u>		<u>15,55,000</u>

24. From the following information, calculate cash flow from investing activities:

Particulars	Closing Balance ₹	Opening Balance ₹
Machinery (At cost)	10,00,000	9,50,000
Accumulated Depreciation	1,50,000	1,10,000

Patents	2,00,000	3,00,000
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Additional Information:

1. During the year, machine costing 90,000 with accumulate depreciation of 60,000 was sold for 50,000.
2. Patents written off were 50,000 while a part of patents were sold at a profit of 40,000.

Solution:

Particular	₹
Sale of Machine	50,000
Sale of patents (W. N)	<u>90,000</u>
	1,40,000
Less: Purchase of machine (W. N)	<u>(1,40,000)</u>
Net cash in Investing Activities	NIL

Particular	₹	Particular	₹
To balance B/d	9,50,000	By Provision for dep. A/c	60,000
To profit & loss A/c (profit)	20,000	By bank a/c (sale)	50,000

25 Welprint Ltd. has given the following information:

Machinery as on 1st April, 2022 **50,000**

Machinery as on 31st March, 2023 **60,000**

Accumulated Depreciation on 1st April, 2022 **25,000**

Accumulated Depreciation on 31st March, 2023 **15,000**

During the yea, a machine costing 25,000 (accumulated depreciation thereon 15,000) was sold for 13,000.

Calculated cash flow investing activities on the basis of the above information.

Solution:

Statement showing flow of investing Activities

Particular	₹
Sale of Machinery (inflow)	13,000
Less: Purchase of Machinery (outflow)	<u>(35,000)</u>
Net cash used in investing Activities	<u>(22,000)</u>

Working Notes:

Machinery A/c

Particular	₹	Particular	₹
To balance B/d	50,000	By Machinery A/c	15,000
To profit & loss A/c (profit)	3,000	By bank A/c (sale)	13,000

To bank A/c (Purchase) (bal. figure)	35,000	By Balance c/d	60,000
	<u>88,000</u>		<u>88,000</u>

Dr. Provision for depreciation A/c
Cr.

Particular	₹	Particular	₹
To Machinery A/c	15,000	By balance B/d	25,000
To Balance c/d	15,000	By profit & loss A/c (Depreciation during the year (Balance figure)	5,000
	30,000		30,000