

36. From the following information, calculate cash flow from investing and financing Activities:

Particulars	31 st March 2023 ₹	31 st March 2022 ₹
Machinery (At cost)	50,000	40,000
Accumulated Depreciation	12,000	10,000
Capital	35,000	30,000
Bank Loan	---	10,000

During the year, a machine costing 10,000 was sold at a loss of 2,000. Depreciation on machinery charged during the year amounted to 6,000.

Solution:

Particular	₹
(A) Investing Activities	
Sale of machinery (w.n)	4000
Less: purchase of machinery (w.n)	<u>(20,000)</u>
Net cash used in investing Activities	16,000
(B) Financing Activities	
Issue of capital	5,000

Less: Repayment of bank loan	<u>10,000</u>
Net cash used in financing activities	(5,000)

Working Notes:

Dr. **Plant & Machinery A/c**
Cr.

Particular	₹	Particular	₹
To balance B/d	40,000	By bank A/c (sale)	4,000
To Bank A/c (purchase) (Bal. fig)	20,000	By Profit & Loss A/c (Loss on sale)	2,000
		By Provision for Depreciation A/c	4,000
		By balance c/d	50,000
	60,000		60,000

Dr. **Land A/c** **Cr.**

Particular	₹	Particular	₹
To balance B/d	2,00,000	By bank A/c (sale)	1,60,000
To Profit & Loss A/c			1,00,000

(Gain)	60,000	By balance c/d	
	2,60,000		2,60,000

37 From the following information, calculate (a) cash flow from investing activities; and (b) cash flow from financing activities:

Particulars	31 st March 2022 ₹	31 st March 2023 ₹
Plant and machinery	8,50,000	10,00,000
Non-current investments	40,000	1,00,000
Land(at cost)	2,00,000	1,00,000
Equity share capital	20,00,000	30,00,000
10% preference share capital	2,00,000	1,00,000
Securities premium	----	1,00,000
10% debentures	10,00,000	10,00,000

Additional information:

- Depreciation charged on plant and machinery was 50,000.
- Plant and machinery of book value 60,000 was sold for 40,000.
- Land was sold at a gain of 60,000.

- iv. Preference shares were redeemed on 31st march, 2023 at a premium of 5%.
- v. Dividend on equity shares and preference shares for the year ended 31st march, 2022 was Nil and for the year ended 31st march, 2023 proposed dividend on equity shares was 10%.
- vi. Fresh issue of equity shares was on 1st April, 2022.

Solution:

Particular	₹
(A) Cash flow from investing activities	
Sale of plant & machinery	40,000
Sale of land	<u>1,60,000</u>
	2,00,000
Less: purchase of plant & machinery	2,60,000
Less: purchase of non-current investments	<u>60,000</u>
	<u>(3,60,000)</u>
	(1,20,000)
Cash used in investment activities	
(B) Cash flow from financing activities	
Issue of equity share capital	10,00,000
Add securities premium reserve	<u>1,00,000</u>
	11,00,000
Less: Redemption of 10% preference share capital at a premium of 5% (1,00,000 + 5% of 1,00,000)	1,05,000

Less: interest on 10% debentures (10% of 10,00,000)	<u>1,00,000</u>	<u>(2,05,000)</u>
Cash flow from financing activities		8,95,000

Dr. Plant & Machinery A/c
Cr.

Particular	₹	Particular	₹
To balance B/d	8,50,000	By bank A/c (sale)	40,000
To Bank A/c (purchase)	2,60,000	Depreciation A/c	50,000
		By Profit & Loss A/c (Loss)	20,000
		By balance c/d	10,00,000
	11,10,000		11,10,000

Dr. Land A/c Cr.

Particular	₹	Particular	₹
To balance B/d	2,00,000	By bank A/c (sale)	1,60,000
To Profit & Loss A/c (Gain)	60,000	By balance c/d	1,00,000

	2,60,000		2,60,000
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38 From the following information, prepare cash flow statement:

Particular	₹
Opening cash and Bank Balances	1,50,000
Closing cash and bank balances	1,70,000
Decrease in inventories	80,000
increase in Bills payable	1,20,000
Sale of Fixed Assets	3,00,000
Repayment of long-term loan	5,00,000
Net profit for the year	20,000

Solution:

Cash Flow statement

Particulars	₹	₹
(A) Operating Activities		
Net profit for the year		20,000
Add Decrease in inventories	80,000	
Add increase in bills payables	<u>1,20,000</u>	<u>2,00,000</u>
		<u>2,20,000</u>

Net cash flow from operating activities		
(B) Investing activities		<u>3,00,000</u>
		<u>3,00,000</u>
Sale of Fixed Assets		
Net cash flow fixed Assets Activities		
(C) Financing Activities		<u>(5,00,000)</u>
		<u>(5,00,000)</u>
Repayment of long-term loan		
Net cash used in financing Activities		20,000
		<u>1,50,000</u>
Net Increase in cash & cash Equivalents		1,70,000
Add opening cash & Bank Balance		
(Losing balance of cash & Cash equivalents at the end of the year)		

39 From the following Balance Sheet of Young India Ltd., Prepare cash Flow statement:

BALANCE SHEET OF YOUNG INDIA LTD.

as at 31st March, 2023

Particular	Note No.	31 st Mar. 2023 ₹	31 st Mar. 2022 ₹
I. EQUITY AND LIABILITIES			
1. shareholder's Funds			
(a) Share capital		2,50,000	2,00,000
(b) Reserve and surplus (Surplus, i.e., balance in statement of profit & loss)		1,83,000	82,000
2. Non-Current Liabilities			
Long-term Borrowings			
15% Debentures		80,000	50,000
3. Current Liabilities			
(a) Trade payables		1,50,000	1,10,000
(b) Other current liabilities		<u>12,000</u>	<u>20,000</u>
Total		<u>6,75,000</u>	<u>4,62,000</u>

II. ASSETS			
1. Non-Current Assets			
(a) Property, plant and equipment and intangible Assets:			
-Property, plant and Equipment		2,74,000	1,17,000
(b) Non-current investment		68,000	55,000
2. Current Assets			
(a) Inventories		2,06,000	1,50,000
(b) Trade Receivables		32,000	70,000
(c) Cash and Cash Equivalents		<u>95,000</u>	<u>70,000</u>
Total		<u>6,75,000</u>	<u>4,62,000</u>

Solution:

Cash Flow Statement

Particulars	₹	₹
(A) Operating Activities		
Profit for the year (183000 - 82000)		1,01,000
Add: Interest on debenture (50000 x 15%)		<u>7,500</u>

Net profit before working capital changes		1,08,500
	40,000	
Add Increase in trade payables	<u>38,000</u>	<u>78,000</u>
Add Decrease in Trade payables		1,86,500
	(8,000)	
Less: Decrease in current liabilities	<u>(56,000)</u>	<u>(64,000)</u>
 Increase in inventories		<u>1,22,500</u>
Net cash flow from operating activities		
(B) Investing Activities		
	(1,57,000)	
Purchase of fixed Assets	<u>(13,000)</u>	<u>(1,70,000)</u>
Purchase of Investment		<u>(1,70,000)</u>
Net cash used in investing activities		
(C) Financing Activities		
	50,000	
Issue of share capital	<u>30,000</u>	80,000
Issue of 15% Debentures		<u>(7,500)</u>
Less: Interest on debentures		<u>72,500</u>
Net cash flow from financing Activities		

Net increase in cash & cash equivalents (A + B + C)	25,000
Add opening cash & cash Equivalents	<u>70,000</u>
Closing Balance of cash & Cash Equivalents	95,000

40 Prepare cash flow statement on the basis of the information given in the balance sheets of Nidhi Ltd. as at 31st March, 2023 and 31st March 2022:

Particular	Note No.	31 st Mar. 2023 ₹	31 st Mar. 2022 ₹
I. EQUITY AND LIABILITIES			
1. shareholder's Funds			
(a) Share capital		8,00,000	6,00,000
(b) Reserve and surplus	1	4,00,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings		1,00,000	1,00,000

3. Current Liabilities			
(a) Short-term Borrowings	2	...	50,000
(b) Trade payables		<u>40,000</u>	<u>48,000</u>
Total		<u>13,40,000</u>	<u>10,98,000</u>
II. ASSETS			
1. Non-Current Assets			
(a) Property, plant and equipment and intangible Assets:			
-Property, plant and Equipment		8,50,000	5,60,000
(b) Non-current investment		2,32,000	1,60,000
2. Current Assets			
(a) Current Investments		50,000	1,34,000
(b) Inventories		76,000	82,000
(c) Trade Receivables		38,000	92,000
(d) Cash and Cash Equivalents		<u>94,000</u>	<u>70,000</u>
Total		<u>13,40,000</u>	<u>10,98,000</u>

Notes to Accounts

Particular	31 st Mar. 2023 ₹	31 st Mar. 2022 ₹
1. Reserves and surplus Surplus, i.e., balance in statement of profit & loss	<u>4,00,000</u>	<u>3,00,000</u>
2. Short-term Borrowings Current maturities of long-term Debts	<u>50,000</u>	<u>50,000</u>

Solution:

Cash Flow Statement

Particulars	₹	₹
(A) Operating Activities		
Net profit as per statement profit & loss A/c (4,00,000 - 3,00,000)		1,00,000
		-
Profit before Taxation & Extraordinary items		1,00,000
Net profit before working capital changes		1,00,000
Add Decrease in inventories	6,000	
Add Decrease in trade receivables		

	<u>54,000</u>	<u>60,000</u>
Less Decrease in trade payables		1,60,000
Net cash flow from operating Activities		<u>(8,000)</u>
		<u>1,52,000</u>
(B) Investing Activities		
Purchase of fixed Assets (850000-560000)		
Purchase of investments (232000 - 160000)	(2,90,000)	
Net cash used in investing activities	<u>(72,000)</u>	<u>(3,62,000)</u>
		<u>(3,62,000)</u>
(C) Financing Activities		
Issue of share capital		
Less: Redemption of long term Borrowings		2,00,000
Net cash flow from financing Activities		<u>(50,000)</u>
		<u>1,50,000</u>
Net decrease in cash & cash Equivalents		
(A + B + C)		(60,000)
Add opening cash & cash Equivalents		
(cash + current investment) (70000 + 134000)		
		2,04,000

Closing Balance of cash & cash Equivalents (Cash + current Investments) (94000 + 50000)		1,44,000
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