

Cash flow statement

Format of cash flow statement (Indirect method)

Cash flow statement (for the year ended.....)		
	Amount	Amount
A. Cash flow from operating activities		
Net profit before tax and extraordinary items		*****
Add- Non cash items debited to P/L Adj account		
Less-Non cash incomes credited to P/L adj account		
=Operating profit before working capital changes		
Adjustment for working capital changes		
Add- Decrease in current assets		
Increase in current liabilities		
Less- Increase in current assets		
Decrease in current liabilities		
=Cash generated from operations before tax		
Less – Income tax paid		
Cash flow before extraordinary items		
Add/Less- extra ordinary items if any		
Net cash flow from operating activities		*****
B . Cash flow from investing activities		
Purchase of fixed assets		
Sale of fixed assets		
Purchase of investment		
Sale of investment		
Interest received		
Dividend received		
Rent received		*****
Net cash flow from investing activities		
C. Cash flow from financing activities		
Issue of share capital		
Raising of long term loans		
Redemption of share capital		
Refund of long term loans		
Dividend paid		
Interim dividend paid		*****
Net cash from financing activities		*****
Net Increase (Decrease) in cash and cash equivalent		*****
Cash and cash equivalent at the beginning of the period		*****
Cash and cash equivalent at the end of the year		

Problems

1. Calculate cash flow from financing activities for the following data

Particulars	
Issue of equity shares	5,00,000
Issue of 9% debentures	4,00,000
Redemption of pref shares	2,50,000
Raising of long term loans	3,50,000
Repayment of bank Over draft	2,00,000
Dividend paid	1,00,000
Interest received	50,000
Sale of furniture	1,00,000

2. Calculate cash flow from operating activities. From the following

Particulars	31-03-2005	31-03-2006
Profit & loss account	60,000	65,000
Debtors	85,000	48,000
B/R	40,000	81,000
General Reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries Prepaid	8,000	10,000
Goodwill	70,000	60,000

3. Calculate cash from operation from the following informations.

Particulars	Amount	Particulars	Amount
To opening stock of raw materials	1,50,000	By sales (cash)	14,00,000
To purchase of raw materials	3,70,000	By closing stock of raw materials	1,20,000
To wages & salaries 5,00,000		By dividends	80,000
Add outstanding 50,000	5,50,000	By interest	1,00,000
To other conversion cost	1,70,000		
To operating expenses	1,20,000		
To goodwill written off	40,000		
To preliminary exp written off	25,000		
To Net Profit	2,75,000		
	17,00,000		17,00,000

Adjustments

1. Operating expenses include depreciation on fixed assets.

2. All purchases were on cash basis.

4.. Glory co ltd Had profits of Rs 3,60,000 for the year ended 31-3-2015 after adjusting the following

- a. Depreciation on machinery Rs. 30,000
- b. Goodwill written of Rs. 10,000
- c. Loss on sale of buildings Rs 5,000
- d. Details of current asses and liabilities

Particulars	31-3-2016	31-3-2017
Stock	1,40,000	1,70,000
Cash	1,30,000	1,00,000
Debtors	1,10,000	90,000
Creditors	90,000	1,00,000
O/S rent	10,000	5,000
Bills payable	80,000	70,000
Bills receivable	90,000	1,10,000

From the above calculate cash flow from operating activities using indirect method.

5.From the following balances calculate cash from operations.

Particulars	31-03-2005	31-03-2006
Bills receivables	50,000	47,000
Debtors	10,000	12,500
Bills payables	20,000	25,000
Creditors	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	800	250
Profit made during the year	---	70,000

8. From the following Balance sheet of ABC co Ltd prepare cash flow statement under indirect method.

liabilities	2005	2006	Assets	2005	2006
E.S. capital	6,00,000	8,00,000	Goodwill	2,30,000	1,80,000
9% pref capital	3,00,000	2,00,000	Land & building	4,00,000	3,40,000
Gen. Reserves	80,000	1,40,000	Plant	1,60,000	4,00,000
P&L account	60,000	96,000	Stock	1,54,000	2,18,000
Proposed dividends	84,000	1,00,000	Debtors	3,20,000	4,00,000
Creditors	1,10,000	1,66,000	Bills receivable	40,000	60,000
Bills Payable	40,000	32,000	Cash in hand	30,000	20,000
Provision for taxation	80,000	1,00,000	Cash at bank	20,000	16,000
	13,54,000	16,34,000		13,54,000	16,34,000

Additional information

1. Depreciation of Rs 20,000 and Rs 40,000 have been charged on plant and Land and building respectively in 2006.
2. An interim dividend of Rs 40,000 has been paid in 2006
3. Rs 70,000 income tax was paid during the year.

9. from the following income statement and balance sheet prepare cash flow statement under indirect method.

Liabilities	2008	2009	Assets	2008	2009
Share Capital	4,00,000	5,00,000	Land and building	4,00,000	4,80,000
General Reserve	80,000	1,40,000	Machinery	3,60,000	2,60,000
P&L account	64,000	78,000	Stock	2,00,000	2,52,000
Bank Loan (long term)	3,20,000	80,000	Debtors	1,60,000	1,28,000
Creditors	3,00,000	2,60,000	bank	1,04,000	18,000
Provision for taxation	60,000	80,000			
	12,24,000	11,38,000		12,24,000	11,38,000

Additional informations;--

1. During the year 31-3-2009 dividend of Rs 84,000 was paid.
2. Assets of another company were purchased for a consideration of Rs. 1,00,000 payable by the issue of shares and assets include land and building Rs 50,000 and stock Rs 50,000.
3. Income tax paid during the year Rs 70,000
4. Depreciation written off on Machinery Rs 24,000 and Land and building Rs 45,000.

10. Balance sheet of Ganesh mills Ltd.

Liabilities	2002	2003	Assets	2002	2003
Equity capital	3,00,000	4,00,000	Building	2,50,000	3,00,000
10% redeemable pref shares	2,00,000	-----	Machinery	3,00,000	3,20,000
Capital redemption Reserves		1,00,000	Furniture	20,000	18,000
Reserve fund	2,00,000	1,20,000	Investment	1,00,000	1,50,000
Share premium	30,000	30,000	Stock	3,00,000	2,50,000
P/L account	1,20,000	1,80,000	Debtors	1,40,000	2,00,000
12% debentures	2,00,000	3,00,000	Cash at bank	20,000	32,000
Creditor	80,000	1,40,000			
	11,30,000	12,70,000		11,30,000	12,70,000

Adjustmet

- 1 Pref shares were redeemed at 10% premium.
2. Rs 20,000 was transferred to Reserve fund from P/L account.
3. Investment (Book value Rs 40,000) was sold for RS 70,000.
- 4 Depreciation provided on Building ,Machinery and Furniture . Rs 20,000, Rs 30,000, and Rs 2,000 respectively.
- 5.Dividend paid Rs 50,000 and income tax paid Rs 45,000.

Prepare cash flow statement as per AS 3 (indirect method)

11. From the following balance sheet of Alpha Ltd you are required to prepare cash flow statement for the year ended 31/12/2000.

Liabilities	1999	2000	Assets	1999	2000
Equity capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8%redeemable pref share	1,50,000	1,00,000	Land and building	2,00,000	1,70,000
Capital reserve	-----	20,000	Plant	80,000	2,00,000
General reserve	40,000	50,000	Debtors	1,60,000	2,00,000
P/L account	30,000	48,000	Stock	77,000	1,09,000
Proposed dividend	42,000	50,000	Bills receivable	20,000	30,000
Sundry creditors	25,000	47,000	Cash	15,000	10,000
Bills payable	20,000	16,000	Bank	10,000	8,000
Liabilities for expenses	30,000	36,000			
Provision for taxation	40,000	50,000			

	6,77,000	8,17,000		6,77,000	8,17,000
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Adjustments;-

a. Depreciation of Rs 20,000 on land and building and Rs 10,000 on plant has been charged in 2010.

b. An interim dividend of Rs 20,000 has been paid in Rs 2000.

c. Income tax Rs 35,000 has been paid during 2000.

12. The balance sheet of XYZ for the year ending 31st March 2006 and 2007 are stated as follows.

Balance Sheet

Liabilities	2006	2007	Assets	2006	2007
Equity capital	30,00,000	35,00,000	Land and building	19,70,000	21,00,000
Pre share capital	7,00,000	7,00,000	Plant and machinery	15,50,000	19,00,000
General reserve	1,90,000	2,40,000	Furniture and Fittings	4,50,000	3,10,000
Loan	3,70,000	1,00,000	Stock	87,000	1,00,000
Creditors	85,000	93,000	Debtors	77,000	62,000
Outstanding rent	35,000	17,000	Cash	71,000	93,000
			Profit and Loss A/c	1,75,000	85,000
	43,80,000	46,50,000		43,80,000	46,50,000

Adjustments.

1. Depreciation for land and building Rs 95,000, Profit on sale of land Rs 30,000. Purchase of land for the year Rs 3,00,000.

2. Depreciation for plant and machinery @ 10% on Rs 19,00,000. Plant sold in 2007 is Rs 1,15,000 for a loss of Rs 20,000.

13. Given is the B/S below.

Liabilities	2004	2005	Assets	2004	2005
Share capital	2,00,000	2,50,000	Land and building	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
P&L A/C	30,500	30,600	Debtors	80,000	64,200
Bank Loan(Long term)	70,000		Cash	5,00	600
Creditors	1,50,000	1,35,200	Bank	---	8,000
Provision for tax	30,000	35,000	Goodwill	Nil	5,000
			stock	1,00,000	74,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information

1. During the year ended 31-12-2005. Dividend of Rs 23,000 was paid.

2. Assets of another company was purchased for a consideration of Rs 50,000 payable in shares.

The following assets were purchased stock Rs 20,000 , machinery Rs 25,000.

3, Machinery was further purchased Rs 8,000.

4. Depreciation written off on machinery rs 12,000.

5. Income tax provision made during the year Rs 33,000.

6. Loss on sale of machinery Rs 200 was written off to the general reserve.

14. Following is the balance sheet of Kala Ltd, at the end of the year 2004 & 2005

liabilities	2004	2005	Assets	2004	2005
Creditors	51,500	48,000	Cash and Bank balances	45,000	45,000
Outstanding expenses	6,500	6,000	Debtors	33,500	21,500
8% debentures	45,000	35,000	Temporary investments	55,000	37,000
Depreciation fund	20,000	22,000	Prepaid expenses	500	1,000
Reserve for contingencies	30,000	30,000	Stock in trade	41,000	53,000
Profit and loss account	8,000	11,500	Land and building	75,000	75,000
Capital	1,15,000	1,15,000	Machinery	26,000	35,000
	2,76,000	2,76,500		2,76,000	2,76,500

The following information is also available

- 10% dividend was paid in cash
 - New machinery for Rs 15,000 was purchased but old machinery costing Rs 6,000 was sold for Rs 2,000 accumulated depreciation was Rs 3,000.
 - Rs 10,000 8% debentures were redeemed by purchase from open market @ Rs 96 for a debentures of Rs 100.
 - Rs 18,000 investment were sold at book value.
- You are required to prepare cash flow statement.

14. from the following Balance sheet of ABC Ltd prepare fund flow statement of sources and uses of cash under Indirect method

Liabilities	2005	2006	Assets	2005	2006
E.S Capital	6,00,000	8,00,000	Goodwill	2,30,000	1,80,000
9% pref capital	3,00,000	2,00,000	Land and building	4,00,000	3,40,000
Gen. Reserve	80,000	1,40,000	Plant	1,60,000	4,00,000
Profit & Loss	60,000	96,000	Stock	1,54,000	2,18,000
Proposed dividend	84,000	1,00,000	Debtors	3,20,000	4,00,000
creditors	1,10,000	1,66,000	Bills receivable	40,000	60,000,
Bills payable	40,000	32,000	Cash	30,000	20,000
Provision for tax	80,000	1,00,000	bank	20,000	16,000
	13,54,000	16,34,000		13,54,000	16,34,000

Additional information;

1. Depreciation of Rs 20,000 and Rs 40,000 have been charged on plant and Land building respectively in 2006.

2. An interim dividend of Rs 40,000 has been paid in 2006.

3. Rs 70,000 income tax was paid during the year 2006 (May 2007)

15, from the following Balance sheet of XYZ company limited prepare a cash flow statement for the year 2009.

liabilities	2008	2009	Assets	2008	2009
Share capital	70,000	80,000	Plant & machinery	62,000	66,000
Share premium	9,000	11,000	Accumulate dep on		
Retained earnings	23,820	30,820	plant	(37,000)	(26,200)
7% mortgage loans	-----	20,000	Building	95,000	1,16,000
Creditor	6,900	6,000	Accumulated dep on		
Provision for tax	1,000	1,400	building	(43,000)	(45,000)
Outstanding salaries	2,000	1,400	Land	10,000	12,000
			Stock	10,220	9,620
			Debtor	8,600	7,600
			Prepaid expenses	720	800
			cash	6,180	9,800
	1,12,720	1,50,620		1,12,720	1,50,620

Additional information;

1. plant costing Rs 16,000 (accumulated depreciation Rs 14,800) was sold during the year for Rs 12,000.

2. Building was acquired during the year at a cost of Rs 21,000 . In addition to cash payment of RS 1,000 a mortgage , loan was raised for the future.

3. Dividend of Rs 8,000 was paid during the year .

4. A sum of Rs 13,900 was transferred to provision for taxation account in 2009. (June 2011)

