

TESTCASH FLOW STATEMENT

Total Marks – 35

QUESTION 1

The following figures have been extracted from the books of X Limited for the year ended on 31.3.2019. You are required to prepare a cash flow statement as per AS 3 using indirect method.

- (i) Net profit before taking into account income tax and income from law suits but after taking into account the following items was ` 20 lakhs:
- (a) Depreciation on Property, Plant & Equipment ` 5 lakhs.  
 (b) Discount on issue of Debentures written off ` 30,000.  
 (c) Interest on Debentures paid ` ₹ 3,50,000.  
 (d) Book value of investments ` ₹ 3 lakhs (Sale of Investments for ` ₹ 3,20,000).  
 (e) Interest received on investments ` ₹ 60,000.  
 (f) Compensation received ` ₹ 90,000 by the company in a suit filed.
- (ii) Income tax paid during the year ` ₹ 10,50,000.
- (iii) 15,000, 10% preference shares of ` ₹ 100 each were redeemed on 31.3.2019 at a premium of 5%. Further the company issued 50,000 equity shares of ` ₹ 10 each at a premium of 20% on 2.4.2018. Dividend on preference shares were paid at the time of redemption.
- (iv) Dividend paid for the year 2017-2018 ` ₹ 5 lakhs and interim dividend paid ` ₹ 3 lakhs for the year 2018-2019.
- (v) Land was purchased on 2.4.2018 for ` ₹ 2,40,000 for which the company issued 20,000 equity shares of ` ₹ 10 each at a premium of 20% to the land owner as consideration.
- (vi) Current assets and current liabilities in the beginning and at the end of the years were as detailed below:

	As on 31.3.2018	As on 31.3.2019
	₹	₹
Inventory	₹ 12,00,000	₹ 13,18,000
Trade receivables	₹ 2,58,000	₹ 2,53,100
Cash in hand	₹ 1,96,300	₹ 35,300
Trade payables	₹ 2,11,000	₹ 2,11,300
Outstanding expenses	₹ 75,000	₹ 81,800

10 MARKS

QUESTION 2

The following are the extracts of Balance Sheet and Statement of Profit and Loss of Supriya Ltd.:

Extract of Balance Sheet

	Particulars	Notes	2021 ₹	2020 ₹
	<b>Equity and Liabilities</b>			
1	<b>Shareholder's funds</b>			
(a)	Share capital	1	₹ 500	₹ 200
2	<b>Non-current liabilities</b>			
(a)	Long term loan from bank		---	₹ 250
3	<b>Current liabilities</b>			
(a)	Trade Payables		₹ 1,000	₹ 3,047
	<b>Assets</b>			
1	<b>Non-current assets</b>			
(a)	Property, Plant and Equipment		₹ 230	₹ 128
2	<b>Current assets</b>			
(a)	Trade receivables		₹ 2,000	₹ 4,783
(b)	Cash & cash equivalents (Cash balance)		₹ 212	₹ 35

Extract of Profit and Loss

	Particulars	Notes	2021 ₹	2020 ₹
I	Expenses:			
	Employee benefits expense		₹ 69	₹ 25

	Other expenses	2	₹ 115	₹ 110
II	Tax expense:			
	Current tax (paid during year)		₹ 243	₹ 140

**Notes to Accounts:**

		2021 ₹	2020 ₹
1	<b>Share Capital</b> Equity Shares of ₹10 each, fully paid up	₹ 500	₹ 200
2	<b>Other expenses</b> Overheads	₹ 115	₹ 110

Prepare Cash Flow Statement of Supriya Ltd. for the year ended 31st March, 2021 in accordance with AS-3 (Revised) using direct method. All transactions were done in cash only. There were no outstanding/prepaid expenses as on 31<sup>st</sup> March, 2020 and on 31<sup>st</sup> March, 2021. Ignore depreciation. Dividend amounting ₹ 80,000 was paid during the year ended 31<sup>st</sup> March, 2021. **10 MARKS**

**QUESTION 3**

Prepare Cash Flow Statement of Light Ltd. for the year ended 31<sup>st</sup> March, 2020, in accordance with AS 3 (Revised) from the following Summary Cash Account:

**Summary Cash Account**

	in ₹	in ₹
Balance as on 01.04.2019		₹ 315
Receipts from Customers		₹ 24,894
Sale of Investments (Cost ₹ 1,35,000)		₹ 153
Issue of Shares		₹ 2,700
Sale of Fixed Assets		<u>₹ 1,152</u>
		₹ 29,214
Payment to Suppliers	₹ 18,306	
Purchase of Investments	₹ 117	
Purchase of Fixed Assets	₹ 2,070	
Wages & Salaries	₹ 621	
Selling & Administration Expenses	₹ 1,035	
Payment of Income Tax	₹ 2,187	
Payment of Dividends	₹ 720	
Repayment of Bank Loan	₹ 2,250	
Interest paid on Bank Loan	<u>₹ 450</u>	₹ (27,756)
Balance as on 31.03.2020		₹ 1,458

**5 MARKS****QUESTION 4**

On the basis of the following information prepare a Cash Flow Statement for the year ended 31<sup>st</sup> March, 2021 (Using direct method):

- Total sales for the year were ₹ 597 crores out of which cash sales amounted to ₹ 393 crores.
- Receipts from credit customers during the year, totalled ₹ 201 crores.
- Purchases for the year amounted to ₹ 330 crores out of which credit purchases were 80%.  
Balance in creditors as on  
1.4.2020 ₹ 126 crores  
31.3.2021 ₹ 138 crores
- Suppliers of other consumables and services were paid ₹ 28.5 crores in cash.
- Employees of the enterprises were paid ₹ 30 crores in cash.
- Fully paid preference shares of the face value of ₹ 48 crores were redeemed. Equity shares of the face value of ₹ 30 crores were allotted as fully paid up at premium of 20%.
- Debentures of ₹ 30 crores at a premium of 10% were redeemed. Debenture holders were issued equity shares in lieu of their debentures.
- ₹ 39 crores were paid by way of income tax.
- A new machinery costing ₹ 15 was purchased.
- Investment costing ₹ 27 crores were sold at a loss of ₹ 3 crores.
- Dividends totalling ₹ 22.5 crores was also paid.
- Debenture interest amounting ₹ 3 crore was paid.

On 31<sup>st</sup> March 2020, Balance with Bank and Cash on hand totalled ₹ 3 crores

**10 MARKS**