



CASH FLOW STATEMENT

Q.1 (May 2017)

(5 Marks)

Explain the meaning of the terms 'cash' and 'cash equivalent' for the purpose of Cash Flow Statement as per AS-3.

Ruby Exports had a bank balance of USD 25,000, stated in books at Rs.16,76,250 using the rate of exchange Rs.67.05 per USD prevailing on the date of receipt of dollars. However, on the balance sheet date, the closing rate of exchange was Rs.67.80 and the bank balance had to be restated at Rs.16,95,000.

Comment on the effect of change in bank balance due to exchange rate fluctuation and also discuss how it will be disclosed in Cash Flow Statement of Ruby Exports with reference to AS 3.

Q.2 (May 2014)

(4 Marks)

Answer the following;

Intelligent Ltd., a non-financial company has the following entries in its Bank Account. It has sought your advice on the treatment of the same for preparing Cash Flow Statement.

[i] Loans and Advances given to the following and interest earned on them :

[1] to suppliers

[2] to employees

[3] to its subsidiaries companies

[ii] Investment made in subsidiary Smart Ltd. and dividend received

[iii] Dividend paid for the year

[iv] TDS on interest income earned on investments made

[v] TDS on interest earned on advance given to suppliers

[vi] Insurance claim received against loss of PRE by fire Discuss in the context of AS 3 Cash Flow Statement.

Q.3 (May 2013)

(8 Marks)

On the basis of the following information prepare a Cash Flow Statement for the year ended 31st March, 2013:

[i] Total sales for the year were Rs.199 crore out of which cash sales amounted to Rs.131 crore.

[ii] Cash collections from credit customers during the year totaled Rs.67 crore.

[iii] Cash paid to suppliers of goods and services and to the employees of the enterprise amounted to Rs.159 crore.

[iv] Fully paid preference shares of the face value of Rs.16 crore were redeemed and equity shares of the face value of Rs.16 crore were allotted as fully paid up at a premium of 25%.

[v] Rs.13 crore were paid by way of income tax.

[vi] Machine of the book value of Rs.21 crore was sold at a loss of Rs.30 lakhs and a new machine was installed at a total cost of Rs.40 crore.

[vii] Debenture interest amounting Rs.1 crore was paid.

[viii] Dividends totalling Rs.10 crore was paid on equity and preference shares. Corporate dividend tax @ 17.647% was also paid.

[ix] On 31st March, 2012 balance with bank and cash on hand totalled Rs.9 crore.



Q.4 (Nov 2014)

(6 Marks)

Prepare Cash flow for Gamma Ltd., for the year ending 31.3.2014 from the following information:

1. Sales for the year amounted to Rs.135 crores out of which 60% was cash sales.
2. Purchases for the year amounted to Rs.55 crores out of which credit purchase was 80%.
3. Administrative and selling expenses amounted to Rs.18 crores and salary paid amounted to Rs.22 crores.
4. The Company redeemed debentures of Rs.20 crores at a premium of 10%. Debenture holders were issued equity shares of Rs.15 crores towards redemption and the balance was paid in cash. Debenture interest paid during the year was Rs.1.5 crores.
5. Dividend paid during the year amounted to Rs.10 crores. Dividend distribution tax @ 20% (assumed) was also paid.
6. Investment costing Rs.12 crores were sold at a profit of Rs.2.4 crores.
7. Rs.8 crores was paid towards income tax during the year.
8. A new plant costing Rs.21 crores was purchased in part exchange of an old plant. The book value of the old plant was Rs.12 crores but the vendor took over the old plant at a value of Rs.10 crores only. The balance was paid in cash to the vendor.
9. The following balances are also provided

| Particulars | 1.4.2013 (Rs. in crores) | 31.3.2014 (Rs. in crores) |
|-------------|-----------------------------|------------------------------|
| Debtors | 45 | 50 |
| Creditors | 21 | 23 |
| Bank | 6 | |

Q.5 (Nov 2015)

(8 Marks)

Prepare cash flow statement of M/s MNT Ltd, for the year ended 31st March, 2015 with the help of the following information:

1. Company sold goods for cash only.
2. Gross Profit Ratio was 30% for the year, gross profit amounts to Rs.3,82,500.
3. Opening inventory was lesser than closing inventory by Rs.35,000.
4. Wages paid during the year Rs.4,92,500.
5. Office and selling expenses paid during the year Rs.75,000.
6. Dividend paid during the year Rs.30,000 (including dividend distribution tax.)
7. Bank loan repaid during the year Rs.2,15,000 (included interest Rs.15,000)
8. Trade payables on 31st March, 2014 exceed the balance on 31st March, 2015 by Rs.25,000.
9. Amount paid to trade payables during the year Rs.4,60,000.
10. Tax paid during the year amounts to Rs.65,000 (Provision for taxation as on 31.03.2015 Rs.45,000).
11. Investments of Rs.7,00,000 sold during the year at a profit of Rs.20,000.
12. Depreciation on PPE amounts to Rs.85,000.
13. Plant and machinery purchased on 15th November, 2014 for Rs.2,50,000.
14. Cash and Cash Equivalents on 31st March, 2014 Rs.2,00,000.
15. Cash and Cash Equivalents on 31st March, 2015 Rs.6,07,500.



Q.6 (Nov 2016)

(8 Marks)

On the basis of the following information prepare a Cash Flow Statement for the year ended 31st March, 2016 (Using direct method):

- [i] Total sales for the year were Rs.398 crores out of which cash sales amounted to Rs.262 crores.
- [ii] Receipts from credit customers during the year, totaled Rs.134 crores.
- [iii] Purchases for the year amounted to Rs.220 crores out of which credit purchase was 80%.
Balance in creditors as on
1.4.2015 Rs.84 crores
31.3.2016 Rs.92 crores
- [iv] Suppliers of other consumables and services were paid Rs.19 crores in cash.
- [v] Employees of the enterprises were paid Rs.20 crores in cash.
- [vi] Fully paid preference share of the face value of Rs.32 crores were redeemed. Equity shares of the face value of Rs.20 crores were allotted as fully paid up at premium of 20%.
- [vii] Debentures of Rs.20 crores at a premium of 10% were redeemed. Debenture holders were issued equity shares in lieu of their debentures.
- [viii] Rs.26 crores were paid by way of income tax.
- [ix] A new machinery costing Rs.25 crores was purchased in part exchange of an old machinery. The book value of the old machinery was Rs.13 crores. Through the negotiations, the vendor agreed to take over the old machinery at a higher value of Rs.15 crores. The balance was paid in cash to the vendor.
- [x] Investment costing Rs.18 crores were sold at a loss of Rs.2 crores.
- [xi] Dividends totally Rs.15 crores (including dividend distribution tax of Rs.2.7 crores) was also paid.
- [xii] Debenture interest amounting Rs.2 crores was paid.
- [xiii] On 31st March, 2015, Balance with Bank and Cash on hand totaled Rs.2 crores.

Q.7 (Nov 2013)

(8 Marks)

Surya Ltd. has provided you the following particulars. Prepare Cash Flow from Operating Activities by Indirect Method in accordance with AS 3:

Profit & Loss Account of Surya Ltd.
for the year ended 31st March, 2013

| Particulars | Rs. | Particulars | Rs. |
|------------------------|------------------|--|------------------|
| To Depreciation | 86,700 | By Operating Profit before depreciation | 11,01,600 |
| To Patents written off | 35,000 | By Profit on Sale on Investments | 10,000 |
| To Provision for Tax | 1,25,000 | By Refund of Tax | 3,000 |
| To Proposed dividend | 72,000 | By insurance Claim Major Fire Settlement | 1,00,000 |
| To Transfer to Reserve | 87,000 | | |
| To Net Profit | 8,08,900 | | |
| Total | 12,14,600 | Total | 12,14,600 |

Additional information:

| Particulars | 31.3.2012 | 31.3.2013 |
|---------------|-----------|-----------|
| Stock | 1,20,000 | 1,60,000 |
| Trade Debtors | 7,500 | 75,000 |



| | | |
|-----------------------|----------|----------|
| Trade Creditors | 23,735 | 87,525 |
| Provision for Tax | 1,18,775 | 1,25,000 |
| Prepaid Expenses | 15,325 | 12,475 |
| Marketable Securities | 11,775 | 29,325 |
| Cash Balance | 25,325 | 35,340 |

Q.8 (Nov 2017)

(12 Marks)

The Balance Sheet of Harry Ltd. for the year ending 31st March, 2017 and 31st March, 2016 were summarised as:

| Particulars | 2017 | 2016 |
|-------------------------|-----------------|-----------------|
| Equity Share Capital | 1,20,000 | 1,00,000 |
| Reserves: | | |
| Profit and Loss Account | 9,000 | 8,000 |
| Current Liabilities: | | |
| Trade Payables | 8,000 | 5,000 |
| Income Tax Payable | 3,000 | 2,000 |
| Proposed Dividends | 4,000 | 2,000 |
| | 1,44,000 | 1,17,000 |
| PPE (at W.D.V) | | |
| Building | 19,000 | 20,000 |
| Furniture & Fixture | 34,000 | 22,000 |
| Cars | 25,000 | 16,000 |
| Long Term Investments | 32,000 | 28,000 |
| Current Assets: | | |
| Inventory | 14,000 | 8,000 |
| Trade Receivables | 8,000 | 6,000 |
| Cash & Bank | 12,000 | 17,000 |
| | 1,44,000 | 1,17,000 |

The Profit and Loss account for the year ended 31st March, 2017 disclosed:

| Particulars | Rs. |
|--------------------|---------|
| Profit before tax | 8,000 |
| Income Tax | (3,000) |
| Profit after tax | 5,000 |
| Proposed Dividends | (4,000) |
| Retained Profit | 1,000 |



Further Information is available:

1. Depreciation on Building Rs.1,000
2. Depreciation on Furniture & Fixtures for the year Rs.2,000
3. Depreciation on Cars for the year Rs.5,000. One car was disposed during the year for Rs.3,400 whose written down value was Rs.2,000.
4. Purchase investments for Rs.6,000.
5. Sold investments for Rs.10,000, these investments cost Rs.2,000.

Prepare Cash Flow Statements as per AS-3 (revised) using indirect method.

Q.9 (Nov 2020)

(10 Marks)

The following figures have been extracted from the books of Manan Limited for the year ended on 31.3.2020. You are required to prepare the 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 Rs.30 lakhs:
 - [a] Depreciation on Property, Plant & Equipment Rs.7.50 lakhs.
 - [b] Discount on issue of Debentures written off Rs.45,000.
 - [c] Interest on Debentures paid Rs.5,25,000.
 - [d] Book value of investments Rs.4.50 lakhs (Sale of investments for Rs.4,80,000).
 - [e] Interest received on investments Rs.90,000.
- [ii] Compensation received Rs.1,35,000 by the company in a suit filed.
- [iii] Income tax paid during the year Rs.15,75,000.
- [iv] 22,500, 10% preference shares of Rs.100 each were redeemed on 02-04-2019 at a premium of 5%.
- [v] Further the company issued 75,000 equity shares of Rs.10 each at a premium of 20% on 30.3.2020 (Out of 75,000 equity shares, 25,000 equity shares were issued to a supplier of machinery)
- [vi] Dividend for FY 2018-19 on preference shares were paid at the time of redemption.
- [vii] Dividend on Equity shares paid on 31.01.2020 for the year 2018-2019 Rs.7.50 lakhs (including dividend distribution tax) and interim dividend paid Rs.2.50 lakhs for the year 2019-2020.
- [viii] Land was purchased on 02.4.2019 for Rs.3,00,000 for which the company issued 22,000 equity shares of Rs.10 each at a premium of 20% to the land owner and balance is cash as consideration.
- [ix] Current assets and current liabilities in the beginning and at the end of the years were as detailed below :

| Particulars | As on 01.4.2019 (Rs.) | As on 31.3.2020 (Rs.) |
|----------------------|--------------------------|--------------------------|
| Inventory | 18,00,000 | 19,77,000 |
| Trade receivables | 3,87,000 | 3,79,650 |
| Cash in hand | 3,94,450 | 16,950 |
| Trade payables | 3,16,500 | 3,16,950 |
| Outstanding expenses | 1,12,500 | 1 22,700 |



Q.10 (Jan 2021)

(12 Marks)

Following information was extracted from the books of S Ltd. for the year ended 31st March, 2020:

- [1] Net profit before taking into account income tax and after taking into account the following items was Rs.30 lakhs;
 - [i] Depreciation on Property, Plant & Equipment Rs.7,00,000.
 - [ii] Discount on issue of debentures written off Rs.45,000.
 - [iii] Interest on debentures paid Rs.4,35,000.
 - [iv] Investment of Book value Rs.3,50,000 sold for Rs.3,75,000.
 - [v] Interest received on Investments Rs.70,000.
- [2] Income tax paid during the year Rs.12,80,000
- [3] Company issued 60,000 Equity Shares of Rs.10 each at a premium of 20% on 10th April, 2019.
- [4] 20,000, 9% Preference Shares of Rs.100 each were redeemed on 31st March, 2020 at a premium of 5%
- [5] Dividend paid during the year amounted to Rs.11 Lakhs (including dividend distribution tax)
- [6] A new Plant costing Rs.7 Lakhs was purchased in part exchange of an old plant on 1st January, 2020. The book value of the old plant was Rs.8 Lakhs but the vendor took over the old plant at a value of Rs.6 Lakhs only. The balance amount was paid to vendor through cheque on 30th March, 2020.
- [7] Company decided to value inventory at cost, whereas previously the practice was to value inventory at cost less 10%. The inventory according to books on 31.03.2020 was Rs.14,76,000. The inventory on 31.03.2019 was correctly valued at Rs.13,50,000.
- [8] Current Assets and Current Liabilities in the beginning and at the end of year 2019-2020 were as:

| Particulars | As on 01.4.2019 (Rs.) | As on 31.3.2020 (Rs.) |
|----------------------|--------------------------|--------------------------|
| Inventory | 13,50,000 | 14,76,000 |
| Trade Receivables | 3,27,000 | 3,13,200 |
| Cash & Bank Balances | 2,40,700 | 3,70,500 |
| Trade Payables | 2,84,700 | 2,87,300 |
| Outstanding Expenses | 97,000 | 1,01,400 |

You are required to prepare a Cash Flow Statement for the year ended 31st March, 2020 as per AS 3 (revised) using the indirect method.

Q.11 (May 2022)

(5 Marks)

The following information is provided by Alpha Limited, for the year ended 31st March, 2022.

- [i] Net profit before taking into account income tax and income from law suits but after taking into account the following items was Rs.40 lakhs.
- [ii] Depreciation on Fixed Assets Rs.10 lakhs.
- [iii] Discount on issue of Debentures written off Rs.60,000.
- [iv] Interest on Debentures paid Rs.7,00,000.
- [v] Book value of investments Rs.6 lakhs (Sale of investments for Rs.6,40,000).
- [vi] Interest received on investments Rs.1,20,000.
- [vii] Compensation received Rs.1,80,000 by the company in a suit filed.
- [viii] income tax paid Rs.21,00,000
- [ix] Current assets and current liabilities in the beginning and at the end of the year were as detailed below:



| Particulars | As on 31.3.2021 (Rs.) | As on 31.3.2022 (Rs.) |
|----------------------|--------------------------|--------------------------|
| Stock | 24,00,000 | 26,36,0000 |
| Sundry Debtors | 4,16,000 | 4,26,200 |
| Cash in hand | 3,92,600 | 70,600 |
| Hills Receivable | 1,00,000 | 80,000 |
| Hills Payable | 90,000 | 80,000 |
| Sundry Creditors | 3,32,000 | 3,42,600 |
| Outstanding Expenses | 1,50,000 | 1,63,600 |

You are required to prepare Cash Flow Statement from Operative Activities in accordance with AS-3 (revised) using the indirect method for the year ended 31st March, 2022

Q.12 (May 2019)

(10 Marks)

The following information was provided by M/s PQR Ltd. for the year ended 31st March, 2019 :

- Gross Profit Ratio was 25% for the year, it amounts to Rs.3,75,000.
- Company sold goods for cash only.
- Opening inventory was lesser than closing inventory by Rs.25,000.
- Wages paid during the year Rs.5,55,000.
- Office expenses paid during the year Rs.35,000.
- Selling expenses paid during the year Rs.15,000.
- Dividend paid during the year Rs.40,000 (including dividend distribution tax).
- Bank Loan repaid during the year Rs.2,05,000 (included interest Rs.5,000)
- Trade Payables on 31st March, 2018 were Rs.50,000 and on 31st March 2019 were Rs.35,000.
- Amount paid to Trade payables during the year Rs.6,10,000.
- Income Tax paid during the year amounts to Rs.55,000.
(Provision for taxation as on 31st March, 2019 Rs.30,000.)
- Investments of Rs.8,20,000 sold during the year at a profit of Rs.20,000.
- Depreciation on furniture amounts to Rs.40,000.
- Depreciation on other PPE amounts to Rs.20,000.
- Plant and Machinery purchased on 15th November 2018 for Rs.3,50,000.
- On 31st March, 2019 Rs.2,00,000, 7% Debentures issued at face value in an exchange for a plant.
- Cash and Cash equivalents on 31st March, 2018 Rs.2,25,000.

[a] Prepare cash flow statement for the year ended 31st March, 2019, using direct method.

[b] Calculate cash flow from operating activities, using indirect method.

Q.13 (July 2021)

(5 Marks)

Answer the following question:

Prepare cash flow statement of Gama Limited for the year ended 31st March, 2021 in accordance with AS-3 (Revised) from the following cash account summary:

Cash summary Account

| Inflows | Rs. ('000) | Outflows | Rs. ('000) |
|---------------------------|------------|-------------------------------|------------|
| Opening Balance | 945 | Payment to suppliers | 54,918 |
| Receipts from Customers | 74,682 | Purchase of Investments | 351 |
| Sale of Investments (Cost | 459 | Property, plant and equipment | 6,210 |



| | | | |
|---------------------------------------|---------------|---------------------------------|---------------|
| 4,05,000) | | acquired | |
| Issue of Shares | 8,100 | Wages and salaries | 1,863 |
| Sale of Property, Plant and Equipment | 3,456 | Payment of Overheads | 3,105 |
| | | Taxation | 6,561 |
| | | Dividends | 2,160 |
| | | Repayment of Bank Overdraft | 6,750 |
| | | Interest paid on Bank Overdraft | 1,350 |
| | | Closing Balance | 4,374 |
| | 87,642 | | 87,642 |

Q.14 (May 2006)

(4 Marks)

What all are three differences between cash flow statement & fund flow statement?

CA SANKET SHAH