

NABAGRAM HIRALAL PAUL COLLEGE

Nabagram, Konnagar. Hooghly.

Cash flow : Problem Sheet

1. From the following details relating to the accounts of **Grow More Ltd** prepare a cash flow statement.

	<u>31.03.2002</u>	<u>31.03.2001</u>
<u>Liabilities</u>		
Share capital	10,00,000	8,00,000
Reserve	2,00,000	1,50,000
Profit and loss account	1,00,000	60,000
Debentures	2,00,000	-
Provision for taxation	1,00,000	70,000
Proposed Dividend	2,00,000	1,00,000
Sundry creditors	<u>7,00,000</u>	<u>8,20,000</u>
	<u>25,00,000</u>	<u>20,00,000</u>
<u>Assets</u>		
Plant and machinery	7,00,000	5,00,000
Land and Building	6,00,000	400,000
Investments	1,00,000	-
Sundry debtors	5,00,000	700,000
Stock	4,00,000	2,00,000
Cash on hand/bank	<u>2,00,000</u>	<u>2,00,000</u>
	<u>25,00,000</u>	<u>20,00,000</u>

- (a) Depreciation @25% was charged on the opening value of plant and machinery.
- (b) During the year one old machine costing Rs. 50,000 (WDV Rs. 20,000) was sold for 35,000.
- (c) Rs. 50,000 was paid towards Income tax during the year.
- (d) Building under construction was not subject to any depreciation.

NABAGRAM HIRALAL PAUL COLLEGE

Nabagram, Konnagar. Hooghly.

2. The following are the changes in the account balances taken from the Balance Sheet of PQ limited as at the beginning and the end of the year.

	Changes in Rs Debit/(Credit)
Equity Share Capital: 30,000 shares of Rs 10 each issued and fully paid	Nil
Capital reserve	(49,200)
8% Debenture	(50,000)
Debenture discount	1,000
Free hold property at cost/revaluation	43,000
Plant and machinery at cost	60,000
Depreciation on Plant and machinery	(14,400)
Debtors	50,000
Stock and Work in progress	38,500
Creditors	(11,800)
Net profit for the year	(76,500)
Dividend paid in respect of earlier year	30,000
Provision for Doubtful debts	(3,300)
Trade investment at cost	47,000
Bank	<u>(64,300)</u>
	<u>0</u>

You are informed that :

- Capital as at the end of the year represented realized profits on sale of one freehold property together with surplus arising on the revaluation of balance of free hold properties.
- During the year plant costing Rs 18,000 against which depreciation provision of Rs 13,500 was lying, was sold for Rs 7,000
- During the middle of the year Rs 50,000 debentures were issued
- The net profit for the year was after crediting the profit on sale of plant and charging debenture interest.

You are required to prepare a statement which will explain the bank borrowing has increased by Rs 64,300 during the year end. Ignore taxation.

NABAGRAM HIRALAL PAUL COLLEGE

Nabagram, Konnagar. Hooghly.

3. From the following Balance Sheet and information, prepare a Cash Flow Statement of Ryan Ltd for the year ended 31st March 2003.

	31 st March 2003 Rs	31 st March 2002 Rs
Liabilities		
Equity share capital	6,00,000	5,00,000
10% Redeemable Preference Capital	-	2,00,000
Capital redemption reserve	1,00,000	-
Capital reserve	1,00,000	-
General reserve	1,00,000	2,50,000
Profit and loss account	70,000	50,000
9% Debenture	2,00,000	-
Sundry creditors	95,000	80,000
Bills payable	20,000	30,000
Liabilities for expenses	30,000	20,000
Provision for taxation	95,000	60,000
Proposed dividend	90,000	60,000
	<u>15,00,000</u>	<u>12,50,000</u>
Assets		
Land and building	1,50,000	200,000
Plant and machinery	7,65,000	500,000
Investment	50,000	80,000
Inventory	95,000	90,000
Bills receivable	65,000	70,000
Sundry debtors	1,75,000	1,30,000
Cash and bank	65,000	90,000
Preliminary expenses	10,000	25,000
Voluntary separation payment	1,25,000	65,000
Additional Information:	<u>15,00,000</u>	<u>12,50,000</u>

(a) A piece of land has been sold out for Rs 1,50,000 (Cost Rs 1,20,000) and the balance land was revalued. Capital reserve consisted of profit on sale and profit on revaluation.

(b) On 1st April 2002 a plant was sold for 90,000 (Original cost 70,000 and WDV Rs 50,000) and Debentures worth Rs 1 lakhs was issued at par as part consideration for plant of Rs 4.5 lakhs acquired.

(c) Part of investments (Cost Rs 50,000) was sold for Rs 70,000.

(d) Pre acquisition dividend received Rs 5,000 was adjusted against cost of investment.

(e) Directors have proposed 15% dividend for the current year.

(f) Voluntary separation cost of Rs 50,000 was adjusted against General reserve.

(g) Income tax liability transferred from profit and loss account Rs 1,35,000.

(h) Depreciation @15% has been written off from plant but no depreciation has been charged on Land and building.

NABAGRAM HIRALAL PAUL COLLEGE

Nabagram, Konnagar. Hooghly.

4. The Balance Sheet of New Light Ltd for the year ended 31 st March, 2004 and 2005 are as follows;

Liabilities	31 st March 2004	31 st March 2005	Assets	31 st March 2004	31 st March 2005
Equity share capital	12,00,000	16,00,000	Fixed Assets	32,00,000	38,00,000
10% Preference share capital	4,00,000	2,80,000	Less:		
Capital Reserve	-	40,000	Depreciation	<u>9,20,000</u>	<u>11,60,000</u>
General Reserve	6,80,000	8,00,000		22,80,000	26,40,000
Profit and Loss A/c	2,40,000	3,00,000	Investments	4,00,000	3,20,000
9% Debentures	4,00,000	2,80,000	Cash	10,000	10,000
Current Liabilities	4,80,000	5,20,000	Other Current Assets	11,00,000	13,10,000
Proposed Dividend	1,20,000	1,44,000	Preliminary Expenses	80,000	40,000
Provision for Tax	3,60,000	3,40,000			
Unpaid Dividend		16,000			
	<u>38,80,000</u>	<u>43,20,000</u>		<u>38,80,000</u>	<u>43,20,000</u>

Additional information:

- a) The company sold one fixed asset for Rs. 1,00,000 the cost of which was Rs 2,00,000 and the depreciation provided on it was Rs. 80,000
- b) The company also decided to write off another fixed asset costing Rs 56,000 on which depreciation amounting to Rs 40,000 has been provided.
- c) Depreciation on fixed assets provided Rs 3,60,000
- d) The company sold some investment at a profit of Rs 40,000 which was credited to capital reserve.
- e) Debentures and preference share capital redeemed at 5% premium.
- f) The company decided to value stock at cost, where as previously the practice was to value stock at cost less 10%. The stock according to books on 31.3.2004 was Rs 2,16,000. The stock on 31.3.2005 was correctly valued at Rs 3,00,000.

Prepare Cash Flow Statement as per Revised Accounting Standard 3 by indirect method.