

## Ak Hai Bhai sahab Exclusive

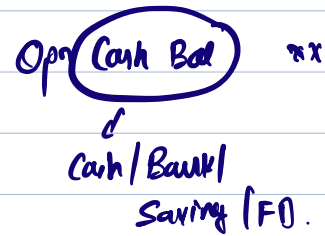
Q.No			
Q1	Full Ques	Q24	Full Ques
Q9	Full Ques	Q25	Finding PBT (4 ledgers)
Q10	Finding PBT (4 ledgers)	Q27	Full Ques
Q13	Tax ledger	Q28	Full Ques (+ Inventory undervalued Adj)
Q14	Full Ques		
Q17	Full Ques (+) PBT in indirect method	Q30	Creditors for Equipment
Q19	Interp Acc & Paid diff (+) Grant for cap Receipt	Q32	Tax ledger (Refund of tax) & Dividend
Q20	Debtors & Creditors ledger	Q34	Full Ques (Foreign Ex.)
Q21	Hidden Adj → Int on Deb (+) Intangible ledger		
Q22	Full Ques		
Q23	Zen's Cap Acc ledger		

## AS 3 → Cash Flow Statement (6-10 marks)

### 1) Elements of cash & cash equivalents

It includes

- a) Cash in hand
- b) Cash at Bank (Savings A/c, Current A/c)
- c) Fixed Deposits with short maturity of 3 months or less
- d) Short term highly liquid Invest which are subject to insignificant risk of changes in value.



Note: (Invest in) Equity shares are never CCE as they have significant risk of changes in value.

### 2) Classification of Cash Flows

A. Cash Flow from  
Operating Activities

B. Cash Flow from  
Investing Activities

C. Cash Flow from  
Financing Activities

#### A. Operating Activities

→ Prin. revenue generating activities. (eg. Ak sis → Teaching Books sale.)

#### Examples

- i) Cash receipts from sale of goods & services
- ii) Cash receipts from royalties, fees, commission, brokerage etc.
- iii) Cash payments to suppliers for goods & services, employees, rent etc.
- iv) Cash payments or refunds of income tax relating to operating activities.

## B. Investing Activities

(which are  
not included in  
↓ CCE)

Cash flows from acquisition & disposal of long term assets & investments

### Examples

- i) Cash payments to acquire PPE, Intangible, Investment Property, invest in debentures, invest in eq/pref shares etc.
- ii) Cash receipts from sale of above.
- iii) Any income generated from investing activity (eg: Interest income, dividend income, rent income from invest property) it is also treated as investing activity cash flow.
- iv) Cash receipts/payment related to loan & advances given.  
(eg: loan given, int income on loan, loan repayment rec'd) → All are invest<sup>g</sup> cash flows.

## c. Financing activities

These are activities that result in changes in owner's capital & borrowings of the enterprise.

### Example

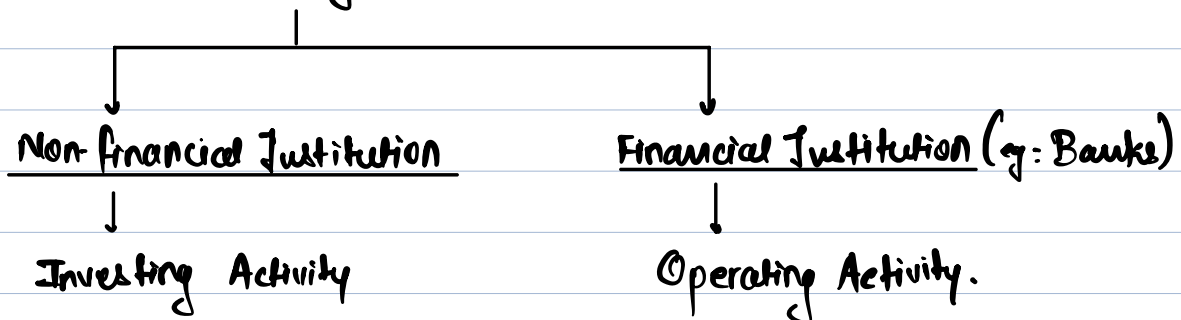
- a) Cash proceeds from issuing eq shares, pref shares, debentures or any other securities, loan taken
- b) Cash payment on B.B of eq shares, redempt<sup>n</sup> of Pref Sh, redempt<sup>n</sup> of Deb, loan repaid.
- c) Div paid on eq/pref, Int paid on Deb, Int paid on loan taken is also financing activity

B/s	
Eq & Liab	Asset
<div>Financing</div> <div>ESC</div> <div>Psc</div> <div>Deb Issue</div> <div>loan taken</div>	<div>PPE</div> <div>Intangible Asset</div> <div>Invest</div> <div>loan given</div> <div>Debtors</div> <div>Inventory</div> <div>CCE</div> <div> <div>Invest</div> <div>operating</div> </div>
xxx	xxx

P/L	
Exp	Income
<div>Op Act →</div> <div>Financ →</div> <div>Buyn Exp</div> <div>Int Exp</div> <div>Div Exp</div>	<div>main operat Rev. → op.</div> <div>Int Income</div> <div>Div Income</div> <div>Invest</div>

### 3] Other Important Adjustments

#### 1] loans & advances given & Interest earned

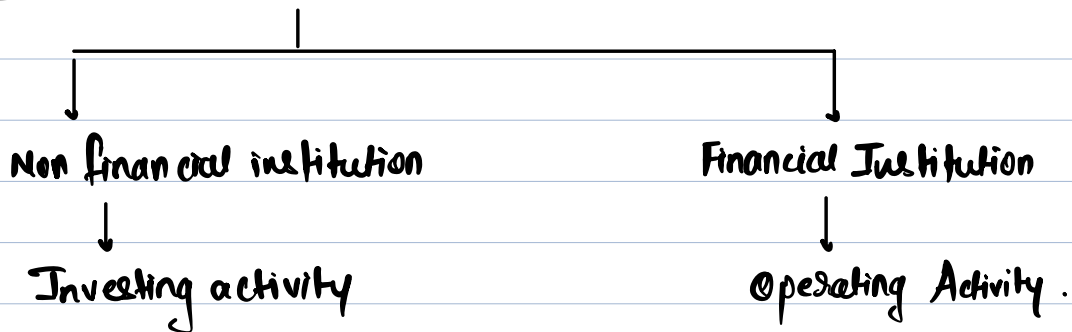




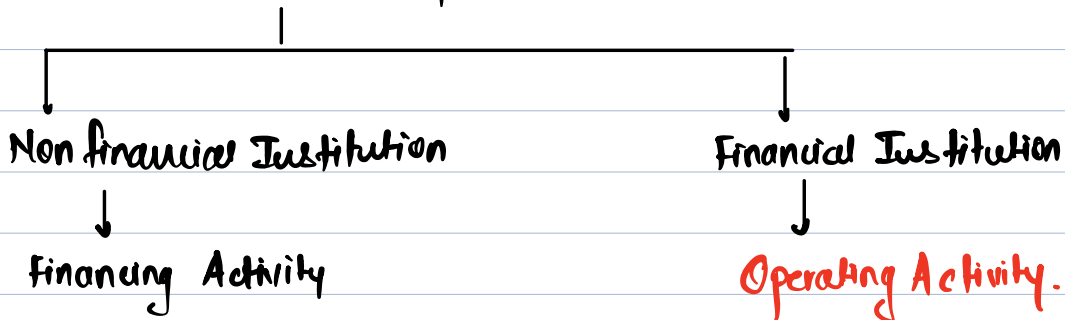
Note: loan given & Interest earned from employees/suppliers

↳ Operating Activity (for financial as well as non financial Institution)

B] Invest made & dividend earned



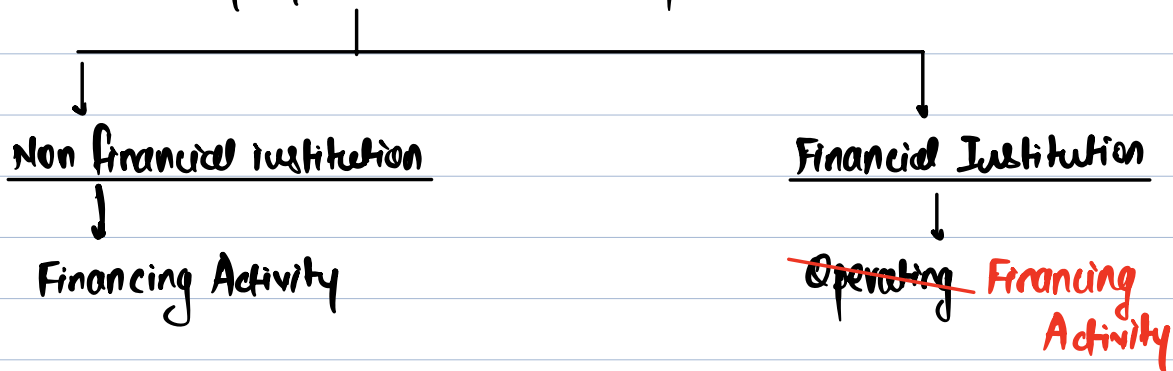
c] Loan taken & Int paid



Note: loan taken & Int paid from customers/suppliers

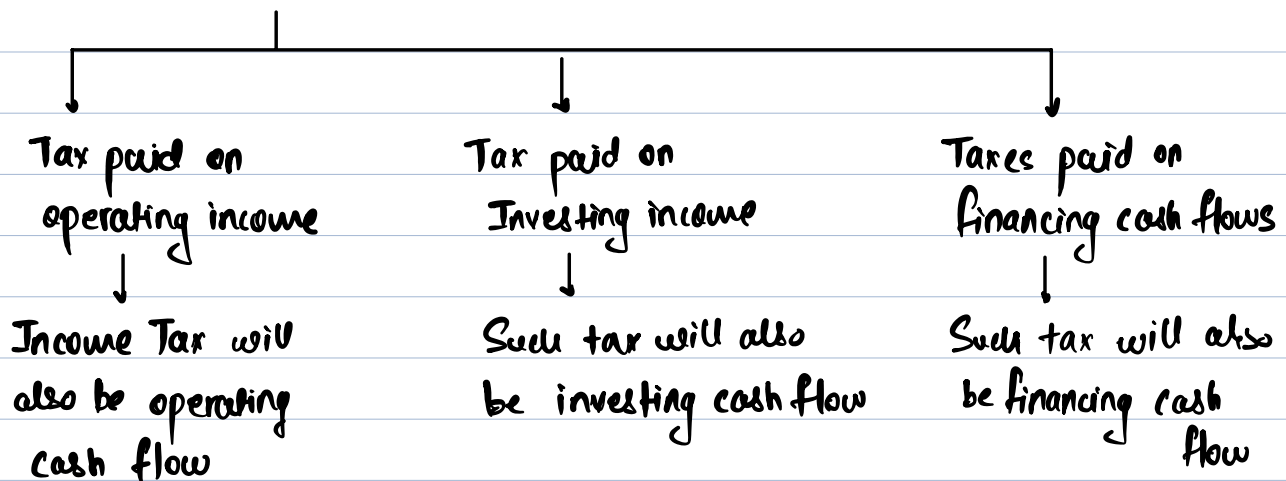
↳ Operating Activity (for financial as well as non financial Institution)

## D] Issue of equity shares & dividend paid



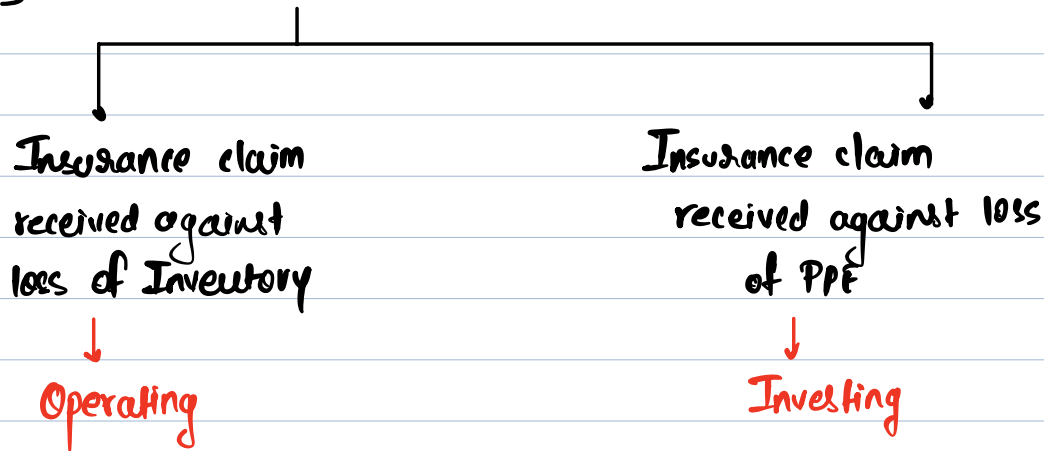
Note: Share issue karna can never be your Bus<sup>n</sup>  $\therefore$  financing for all.

## E] Income Taxes



Note: If income tax is given in ques but nothing is mentioned, then consider it to be operating cash flow.

### F] Insurance claim received



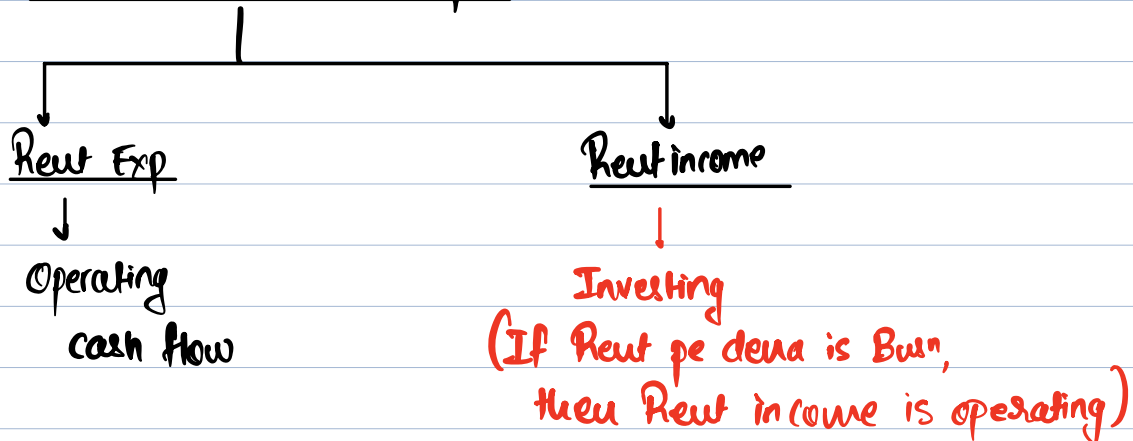
Note: Insurance claim rec'd is an extraordinary item  $\therefore$  Separate disclosure will be required of the same in statement of cash flow

### G] Non-cash transaction

Transactions that do not require the use of cash flow should be excluded from cash flow statement.

(eg: PPE acquired in exchange of shares, Issue of Bonus shares etc)

### H] Rent income & Rent Exp



## I] Purchase of Invest in Subsidiaries



## II] Reporting of cash flows on Net Basis

AS 3 prohibits netting of receipts & payments of cash flows i.e. they should be shown on gross basis.

eg. Purchase of machine for ₹ 50,000 } They should be shown  
 Sale of furniture for ₹ 10,000 } separately.

Q1 - Q3 → Q.B

## \* Q4 Cash flow from investing activities

	"₹"
Unsecured loan to subsidiary	(485000)
Interest on loan rec'd	82500
Dividend rec'd	62400
* Interest received on Invest (Gross Value = 68000 + 8200)	76200
TDS on above Interest	(8200)
Sale of Plant (84000 <sup>BV</sup> (-) 9600 <sup>loss</sup> )	74400
Cash flow from Investing activity (Before Extraordinary item)	(197700)
Extraordinary item (claim rec'd for loss of plant)	49600
Cash flow from Investing activity (After Extraordinary item)	(148100)

4] Format of Cash Flow Statement 

Direct Method  
 , Indirect Method

}
 Ans will be same under both methods.

a) Operating activity (format is Diff under direct & indirect method)

b) Investing activity  
 c) Financing activity

} format is same under both methods

Cash Flow Statement of xyz ltd for two years ended .....

Direct Method

a] Cash flow from operating activities

Cash rec'd from sale of goods (Cash Sales)	xx	
(+) Cash rec'd from Trade receivables	xx	
(-) Cash purchases	(xx)	
(-) Cash paid to trade payables	(xx)	
(-) Cash paid for operating exp (eg. wages, salaries, rent, electricity, advt, sell'g exp etc.)	(xx)	
(-) Income tax paid	(xx)	
<u>Cash flow from operating activities (Before Extraordinary item)</u>	<u>xxx</u>	
+/- Adjustment for extraordinary item	xx	
<u>Cash flow from operating activities (After Extraordinary item)</u>	<u>xxx</u>	→ (A)

### b] Cash flow from Investing activities

Purchase of PPE	(xx)
Sale of PPE	xx
Purchase of Invest	(xx)
Sale of Invest	xx
Interest / Div rec'd	xx
Revt rec'd on Investment prop	xx
Cash flow from Invest Act (Before Extra ordinary items)	xxx
+/- Adjustment for Extraordinary items	xx
Cash flow from Invest Act (After Extra ordinary items)	xxx → (B)

### c] Cash flow from financing Activities

Issue of share	xx
Buy Back of share	(xx)
Issue of pref share / deb.	xx
Redempt <sup>n</sup> of pref share / deb	(xx)
loan taken	xx
loan Repaid	(xx)
Interest paid on loan / deb	(xx)
Div paid on share	(xx)
Cash flow from financing Activity	xxx → (C)

Opening Cash & cash equivalent (Given)	xxx
(+/-) Net cash flows during the year (A + B + C)	xxx
Closing cash & cash equivalent	xxx

## Cash flow Statement (Indirect Method)

### 1] Cash flow from operating activities

If PBT is missing then,

Increase in P/L Reserve	xxx	} Prepare 4 ledgers (P/L, G.R, Tax, Div) ↓ For logic & eg. refer Q10
(+) ——— Gen. Reserve	xxx	
(+) Income Tax Accrued in C-y in P/L	xxx	
(+) Dividend Accrued / declared in C-y	xxx	
PBT	xxx	

Profit Before Tax & extraordinary items	xxx
---	-----

- (+) Reversal of Non cash exp.
- (-) Reversal of Non cash income
- (+) Reversal of Non op Exp
- (-) Reversal of Non op Income

### +/- Changes in Working Capital (eg: Inventories, Debtors, Creditors, d/s exp, prepaid exp etc.)

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>(-) Increase in Current Asset</li> <li>(+) Decrease in current Asset</li> <li>(+) Increase in Curr. Liab</li> <li>(-) Decrease in Curr Liab</li> </ul> | <p><b>Hint: Asset &amp; Cash flow (Inverse relation)</b> <span style="color: magenta;">u1a</span></p> <p>i.e. ↑ in Asset (less)<br/>↓ in Asset (Add)</p> <p><b>Hint: Liab &amp; Cash flow (Direct Relation)</b></p> <p>i.e. ↑ in Liab (Add)<br/>↓ in Liab (less)</p> |
|---|--|

Less: Income tax paid

xxx

(xx)

Cash flow from op. act (Before extraordinary items) xxx

+/- Adj for extraordinary items

xx

Cash flow from op. Act (After extraordinary items)

Remaining format is same as Direct Method

Q15 Cash flow statement for two year ended 31/03/11

A. Cash flow from op. Act

	₹
Collection from Trade re'ables	350000
(-) Payment for Acc Payable	90000
(-) Salary wages	25000
(-) Payment of overheads	15000
(-) Income tax paid	(55000)
Cash flow from op. Activities.	165000 (A)

B. Cash flow from Invest Activities

Sale of PPE	70000
(-) Purchase of PPE	(400000)
Cash flow from Inv Activities.	(330000) → (B)

(C) Cash flow from Financing Activity

Issue of shares	500000
(-) Deb redeemed	(50000)
(-) Bank loan repaid	(250000)
(-) Dividend paid	(100000)
Cash flow from Fin. Activities.	100000 → (C)

Opn CCE (10k + 70k)	80000
(+) Net cash flows during the year (A + B + C)	(65000)
Cls CCE	15000



Q9 (LOR)

Cash flow statement of Hardy Ltd for the year ended 31/03/18

A. Cash flow from operating activities

Profit Before Tax	8000
(+) Non cash Exp	
Depn on Bldg	1000
Depn on Furniture	2000
Depn on Car	5000
(-) Non op Income (Profit on sale of car)	(1400)
(-) Non op Income (Profit on sale of Investment)	(8000)

+/- Changes in Working Cap

(+) Increase in Trade payable (Liab & Cash flow Direct relation)	3000
(-) Increase in Inventories (Asset & Cash flow inverse relation)	(6000)
(-) Increase in Trade receivables	(2000)

Less: Income tax paid (2000)

Cash flow from op. Activities (A) (400)

B. Cash flow from Investing activities

Sale of Car	3400
Purch of Invest	(6000)
Sale of Invest	10000
Purchase of Furniture	(14000)
Purchase of Cars	(16000)

Cash flow from invest activities (B) (22600)

C. Cash flow from financing activities

Issue of shares	20000
Dividend paid	(2000)

Cash flow from financing Activities (C) 18000

Opn CCE	17000
(+)/(-) Net cash flow during the year (A+B+C)	(5000)
Cl3 CCE	<u>12000</u>

WN1 Profit & Losses		Income Tax Payable	
	By bal b/d 8000		By bal b/d 2000
	Current Yr Profit 1000	To c/b 2000	By P/L (I.T. Exp) 3000
P bal c/d 9000		To bal c/d 3000	

Declared Dividends		Bldg	
	By bal b/d 2000	To bal b/d 20000	By Deprn 1000
To c/b 2000	By P/L App 4000		By bal c/d 19000
P bal c/d 4000			

Furniture		Cars	
To bal b/d 22000	By Deprn 2000	To bal b/d 16000	By Deprn 5000
To c/b 14000 (Purchase)		To P/L 1400	By c/b 3400
	By bal c/d 34000	To c/b 16000 (Purch)	By bal c/d 25000

Long term Invest		Eq Sh. Cap	
To bal b/d 28000		By bal b/d 100000	
To c/b 6000	By c/b 10000	By c/b 20000 (Issue of shares)	
To P/L 8000			
	By bal c/d 32000		

### Cas Sale

CIB Acc Dr 3400

TO Cas

2000

TO Profit

1400

### Invst Sale

CIB Acc Dr 10000

TO Invst

2000

TO Profit

8000

Q10 (LOR)

## Cash Flow Statement of Omega Ltd (Indirect Method)

### A. Cash flow from operating activities

#### Profit Before Tax

Increase in Profit & loss A/c	(from ledger)	56000
(+) Increase in Gen. Reserve A/c	(from ledger)	210000
(+) Tax Accrued in P/L	(from ledger)	112000
(+) Div Accrued in G.Y.	(from ledger)	-
	PBT	<u>378000</u>
(+) Non Cash Exp (Depn)		140000
(-) Non-op Income (Profit on sale of Machine)		(21000)

#### +/- Changes in Working Capital

less: Decrease in Trade payables	(169000)
Add: Decrease in Trade receivables	280000
less: Increase in Inventories	(280000)

(-) Income Tax paid

(70,000)

Cash flow from op. Act (A)

259000

### B. Cash Flow from Investing Activities

Purch. of Invest	(140000)
Sale of Machine	49000
Purch of Machine	(448000)
Renovation of Bldg	(280000)
Cash Flow from Invest (B)	<u>(819000)</u>

### C. Cash Flow from Financing Activities

Issue of shares	280000
Issue of Deb (Op <sup>n</sup> was NIL & Cls was 280000)	<u>280000</u>
C.F from financing (C)	560000

Op <sup>n</sup> CCE	280000
(+) Net C.F during the year (A + B + C)	<u>NIL</u>
Cls CCE	<u>280000</u>

WN		Prov for Tax		Plant & Machinery	
				To bal b/d	700000
				By Depr <sup>n</sup>	140000 (7L x 20%)
				To P/L	21000
				By C/B	49000
				To C/B (Purch)	448000
				By bal c/d	980000

Land & Bldg		Sale	
To bal b/d	560000	C/B Dr	49000
		To Machine	28000
To C/B (Renovate <sup>n</sup> )	280000	To P/L	21000
	By bal c/d		840000

WN Calculation of PBT (Prepare 4 ledgers i) P/L ii) G-R iii) Tax  
iv) Div.

P/L		G-R	
	By Bal b/d 84000		By bal b/d 350000
	By C.Y. Profit 56000		By C.Y. Profit 210000 (which was trf to G-R)
To bal c/d 140000		To bal c/d 56000	

Prov for tax		Div	
	By bal b/d	98000	Not there in this ques.
To C/B (Given)	70000	By P/L	112000
To bal c/d	140000		

## Logic of PBT

PBT	xxx
(-) Tax Accrued	(xx)
PAT	xxx
(-) Div Accrued	(xx)
Bal. Profit	xxx
(-) Trf to Any Rese (xx) (eg. Gen. Reserve)	
Bal Profit trf to PIL Reserve	

Here when we don't have PBT,  
jo jo chize humne less ki thi, unko  
subko Add karna padega.



How much to add that we will  
get from 4 ledgers (PIL, G-R, Tax, Div)



## Q11 Cash flow statement (Indirect method)

### A. Cash flow from operating Activities

Profit Before Tax	23000
(+) Non Cash Exp (Depn)	34000
(+) Non op Exp (Int Exp)	23000
(-) Non op. Inc (Int Income)	(6000)
(-) Non op Inc (Gain on sale of Invest)	(12000)
(+) Non op Exp (loss on sale)	3000

### +/- Changes in WC

less: Increase in Inventory	(34000)
Add: Decrease in T.R.	8000
Add: Decrease in Prepaid Exp	4000
Add: Increase in T.P	7000
Add: o/s exp	3000

less: Income Tax paid (9000)

C.F from Op Act (A) 47000

### B. C.F from Invest Act

Interest Income Rec'd	6000
Purchase of Invst	(78000)
Sale of Invst	102000
Purch of Plant	(120000)
Sale of Plant	5000

Cash flow from Invest (B) 85000

### C) C.F from Fin. Act

Interest Exp paid	(23000)
Repaid Bonds	(50000)
Issue of shares	150000
Dividend paid	(8000)

C.F from financing (C) 69000

Opn CLE	15000
(+) Net Cash flows during the year (A + B + C)	<u>31000</u>
CLC CLE	<u>46000</u>

<u>WN</u>	<u>Plant</u>	<u>Invest</u>	
To bal bld 437000	By Depm 37000	To bal bld 127000	By CIB 102000
To CIB 120000 (Purch)	By PIL 3000 (loss)	To PIL 12000 (Gain)	(sale)
	By CIB (Sale) 5000		
To Bonds 100000	By bal cld 612000	To CIB 78000 (Purch)	By bal cld 115000

<u>Share Cap</u>	<u>Bonds</u>
By bal bld 315000	By bal bld 245000
By CIB 150000 (Issue)	To CIB 50000 (Repaid)
To bal cld 465000	By plant 100000
	To bal cld 295000

Income Tax Payable	
	By bal bld 5000
To CIB 9000	By PIL (C.Y. Inc Tax Accrued) 7000
To bal cld 3000	

<u>Sale of Invest</u>	<u>Sale of Plant</u>	<u>Plant for Bond</u>
CIB 102000	CIB 5000	Plant Acc Dr 100000
To Invest 90000	PIL (loss) 3000	To Bonds 100000
To PIL 12000	To Plant 8000	

## Q12 (B0TD)

### Cash flow Statement (Indirect method)

#### A. Cash flow from Operating Activities

PBT	4500
(+) Depreciation	3500
(-) Profit on sale of vehicles	(700)

#### +/- Changes in WC

(+) ↑ in T-P	1500
(-) ↑ in Inv	(3000)
(-) ↑ in T-R	(2000)

3800

#### (-) Income Tax paid

(1000)

(A) 2800

#### B. Cash flow from investing activities

Sale of PPE	1700
Purch of PPE	(15000)
Purchase of Invest	(1000)

(B) (14300)

#### (C) Cash flow from Financing activities

Issue of shares	10000
Div paid	(3000)

(C) 7000

Opn CCE  
 (+) Net cash flows during the year  
 Cls CCE

8500  
 (4500)  
 4000

WN

### Share Capital

	Opn	50000
	By ClB (Issue)	10000
Cls		60000

### Div Payable

	Opn	1000
	By PL	2000
To ClB (Paid)		3000
Cls		

### Income Tax Payable (Prov for tax)

	Opn	1000
	By PL	1500
To ClB		1000
Cls		1500

### PPE

Op	29000	By Depn	3500
To PL (Profit)	700	By ClB sale	1700
To ClB (Purchase)	15000		
		Cls	39500

### Current Inst

Op	1000
To ClB	1000
Cls	2000

### Q13 Cash Flow Statement for the year

#### A. Cash flow from operating activities

##### PBT

• Increase in C.Y. P/L Reserve (from P/L ledger)	10000
(+) ————— G.R	-
(+) C.Y. Div Declared / Accrued (from Div ledger)	10,000
(+) C.Y. Tax Accrued in P/L (from Tax ledger)	8000
	<hr/>
	PBT 28000
(+) Non Cash Exp (Depn)	40000

##### +/- Changes in we

(+) Increase in Trade payables	90,000
(-) Increase in Inventories	(70000)
(-) Increase in Trade receivables	(75000)
(-) Increase in Other current Assets	(33000)
If nothing mentioned, then assumed to be operating.	
(-) Income Tax paid (Refer wsn)	(5000)
	<hr/>
Cash flow from op. Act (A)	(25000)

B. Cash flow from Investing Activities

Purchase of PPE

(210000) → (B)

C. Cash flow from financing activities

Issue of Equity Shares

210000

Issue of Pref shares

50000

Div Paid

(10000)

C-F from fin. Act

(C)

250000

Opn CCE 90000  
+/- Net C-F during the year (A+B+C) 15000  
Cl CCE 105000

## WN Calculation of PBT

Not available



PLC		<del>GK</del>	Div	
	By bal bld 25000			By bal bld -
	By Curr. yr profit 10000	TO CLB 10000		By PLC 10000
To bal cld 35000		Total cld =		

## Prov for Tax

	By bal bld 5000	P.Y. Tax
TO CLB 5000		
	By PLC 8000	C.Y. Tax
To bal cld 8000		

Here Tax Acc. & Tax paid was missing

∴ Assume that P.Y. Tax (Opn Bal) will be paid in C.Y. &

CLB Bal will be Accrued in PLC in C.Y.

## PPE

To bal bld 180000	By Deprn 40000
To CLB (Purch) 210000	By bal cld 350000



#### Q14 Cash flow statement for the year ended

##### A) Cash flow from op. Act

PBT	30,00,000
(+) Non Cash Exp (Depr)	750000
(+) Disc on issue of deb	45000
(+) Int paid	525000
(-) Profit on sale of Invest	(300000)
(-) Int rec'd on Invest	(90000)

##### +/- Changes in WC

(-) Increase in Inventory	(177000)
(+) Decrease in F.R	7350
(+) Increase in T.P	450
(+) Increase in o/s exp	10200

(-) Income Tax paid (1575000)

C-F from op Act (Before extraordinary item)	2466000
(+) Compensation rec'd from law suit (Extra ordinary)	135000
C-F from op Act (After extraordinary item)	<u>2601000</u> (A)

### B] Cash Flow from Inv Activities

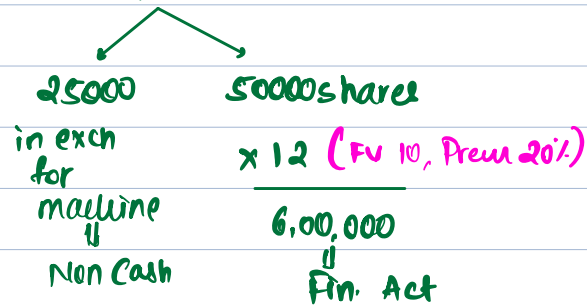
Sale of Invest	480000
Int rec'd on Invest	90000
Land purchased (Refer WN)	(36000)
C.F from Invest Act	<u>534000 (B)</u>

### C] Cash Flow from Financing activities

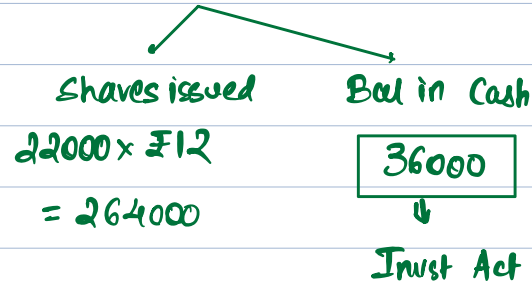
Int on Deb paid	(525000)
Redempt <sup>n</sup> of Pref shares (22500 × 105) FV 100 Prem 5%)	(2362500)
Issue of shares (Refer WN)	600000
Div paid on Pref shares (22500 shares × ₹100 × 10%) Face value)	(225000)
Div paid on Eq shares (Final Div)	(750000)
Div ————— (Interim Div)	(250000)
	<u>(35,12,500) (C)</u>

Opn CCE	394450
(+) Net CF During the year (A+B+C)	<u>(377500)</u>
Cls CCE	<u>16950</u>

WN ① Share Issued 75000



WN 2 Land purchased Cost 300000



PBT mein se wohi reverse karna jo PBT nikalte samay consider kiya tha.

For eg: PBT does not include Div paid

∴ It is not reversed

Q16 Cash flow statement for the year ended 2021 (Direct method)  
(£ in '000s)

A. Cash flow from op. Act

Payment to trade payables	(2047)
Received from trade receivables	2783
less: Emp Ben. Exp	(69)
less: Other Exp	(115)

less: Income Tax paid

(243)

(A)

309

B. Cash flow from Invest Act

Purchase of PPE

(B)

→ (102)

(C) C.F from Fin. Act

Issue of shares	300
Bank loan repaid	(250)
Dividend paid	(80)

(C)

(30)

Opn CCE

35

(+) Net C.F during the year (A+B+C)

177

Cls CCE

212



## Q17 (WBR) Cash Flow statement (Direct Method)

### A] C.F from Op. Act

Cash Sales (Refer Wn)	15,00,000
less: wages paid	(8,55,000)
less: office Exp	(35,000)
less: Selling Exp	(15,000)
less: Amount paid to trade payables	(61,000)
less: Income Tax paid	(55,000)

(A) 230,000

### B] C.F from Invest Act

Sale of Invest	840,000
Purch of PUM	(350,000)

(B) 490,000

### C] C.F from Fin. Act

Dividend paid	(40,000)
Bank loan repaid (incl. Int)	(205,000)

(C) (245,000)

Opn CCE

225,000

(H) Net CF during the year (A+B+C)

475,000

Clb CCE

7,00,000

C n of C h ales

Wn at - as S

Sales

GP

100

25

15,00,000 ?

375,000

## D7 Cash flow statement (Indirect method)

### A. C.F from op. Act

PBT (WN)	280000
(+) Non op Exp (Gut Exp)	5000
(+) Non cash Exp (Depn)	60000
(-) Profit on sale	(20000)

### +/- Changes in we

(-) Increase in Inventory	(25000)
(-) Decrease in T.P	(15000)

(-) Income Tax paid	(55000)
C.F from Op. Act (A)	<u>230000</u>

Ans should be same in both direct & indirect method.

Q.11 Calc<sup>n</sup> of PBT (Normally we prepare 4 ledgers to find PBT, but here that data is also not available  $\therefore$  we will find PBT using basic Trading & P/L A/c)

Trading & P/L A/c			
To glp cld 375000			
<hr/>		<hr/>	
To ok Exp	35000	By glp bld	375000
To sell <sup>r</sup> Exp	15000	By profit on sale	20000
* To Int Exp	5000		
To Deprn (40K + 20K)	60000		
To Net Profit (Before Tax)	280000		



Q19

Cash flow statement (Indirect method)

(₹ in lakhs)

A. Cash flow from op. Act

PBT (25000 + 5000)  
PAT Tax

30,000

(+) loss on sale

40

(+) Depn

20000

(-) Profit on sale

(100)

(-) Int Income on Invest

(2506)

(+) Int Exp Accrued #

10000

+/- changes in wc

(-) Increase in wc

(56081)

(-) Income Tax paid

(4248)

(A)

(2895)

### B. C-F from Invest Activities

Sale of PPE (195 - 40)	145
Sale of Invest (27765 + 100)	27865
Int Inc on Invest	2506
Purch of Fixed Asset	(14560)
Invest in J-V	(3850)
Exp on construct <sup>n</sup>	(34740)
Receipt of grant for capital projects	12
	(B) (22622)

### C. C-F from Fin. Act

Dividend paid	(8535)
Int Exp paid <sup>#</sup>	(10520)
Proceeds from call in arrears	2
Proceeds from Long term Borr.	25980
————— Short —————	20575
	(C) 27502

Op <sup>n</sup> CCE	5003
(+) Net C-F (A + B + C)	1985
Cls CCE	6988

Note: <sup>#</sup> Int Exp Accrued in P/L & Int Exp paid were separately given.

∴ In such case when reversing from PBT we will reverse

Int Exp Accrued, But when payment in Fin. Activity is considered we will consider Int Exp Actually paid.

## Q20      Direct Method

### A. Cash Flow from op Act      (£ in mres)

Cash Sales	81
(+) Received from Debtors (WN1)	49
(-) Cash Purchases	(11)
(-) Payment to Trade payables	(42)
(-) Admin Exp	(18)
(-) Sellg Exp	(21)

(-) Income Tax paid      (8)

(A)      29

### B. Cash Flow from Investing Act

Sale of Invest	14.4
Purch. of Plant (WN)	(11)

(B)      34

### C. C-F from Fin. Act

Deb. Redeemed	(7)
Int on Deb	(1.5)
Div Paid	(11.7)

(C)      (20.2)

Opn CE	6
(+) Net C-F (A+B+C)	12.2
CE	<u>18.2</u>

WN

①

Sales 135 crores

Cash 60% Credit 40%

81  
↓

54 = 54%  
TO Sales

Debtors

To bal b/d 45

To credit 54  
Sales

By CB 49

By bal c/d 50

WN ②

Purchases 55 crores

Cash 20% Credit 80%

11cr

44cr → Purch  
TO CR

Creditors

By bal b/d 21

To CB 42

By Credit 44  
Purch

To bal c/d 23

WN 3

Deb Redeemed 22cr  
shares given (15cr)  
Cash paid 7cr

WN 4

New Plant 21cr  
old Plant (10cr)  
Cash paid 11cr

Q21

## Cash Flow Statement (Indirect method)

### A. Cash Flow from op. Act

PBT

Increase in P/L Reserve (Refer ledger) 40,000

Increase in G.R -

Tax Accrued in P/L -

Div Declared in Curr. Yr -

PBT 40,000

(+) Non Op Exp (Int Exp Acc) 75,000

(+) Non Cash Exp (Amortizati<sup>n</sup>) 25,000

(A) 140,000

### B] C.F from Invest Act

(B) -

### C] C.F from Financing Act

Issue of Debentures

250,000

Int Exp paid

(70,000)

(C) 180,000

Op<sup>n</sup> CCE

?

(1) Net CF (A+B+C) 320,000

Cl<sup>d</sup> CCE

?

WN

PIL		10% Deb	
	By bal bld 50,000		By bal bld 50000
	By cur. yr Profit 40,000		
To bal cld 90,000		To bal cld 75000	By c/b (Issue) 25000

9 Aug

### # Hidden Adjustment

Interest on Debentures (Assuming issue of Deb on 1<sup>st</sup> day of the Year)  
Exp

$$750000 \times 10\% \times \frac{12m}{12m} = 75000 \rightarrow \text{Int Exp. Accrued}$$
$$(5000) \rightarrow \text{Unpaid}$$
$$70,000 \rightarrow \text{Int Exp paid.}$$

### Goodwill

To bal bld 205000	Amortizat <sup>n</sup>
	By <del>c/b</del> 25000
	By bal cld. 180000

## Q.22 (LOR) Cash flow statement (Direct Method)

### A. Cash flow from operating Activities

Cash received from Trade re'ables	4000
(-) Cash paid to trade payables	(2380)
(-) Payment of wages / EBE	(790)
(-) Payment of o/s exp	(190)

(-) Income Tax paid	(195)
---------------------	-------

C.F from op Act

445

WN		Trade payables		Prov for Tax / Advance Tax	
		By bal bld	230	To bal bld	180
				(Adv tax)	
To CLB	2380	By credit Purchase	2400	To CLB	195
To bal cld	250			To bal cld	200
				By bal cld	195
				(Adv tax)	

		o/s wages		o/s exp	
To CLB	790	Op <sup>n</sup>	40	To CLB	190
cu	50	By P/L	800	cu	20
				By P/L	200

Inventories		Trade receivables	
Opn	180	Opn	250
TO P/L	(20)	To sales (credit)	4150
	CU	By C/B	(4000)
	200	CU	400

## Cash flow statement (Indirect method)

### A. Cash flow from operating Activities

PBT	710
(-) Non op Inc (Int & div)	(100)
(+) Non Cash Exp (Deprn)	100
(+) Non op Exp (Int)	60

### ± Changes in WC

(+) ↑ in Trade payable	20
(+) ↑ in o/s wages	10
(+) ↑ in o/s exp	10
(-) ↑ in Inventory	(20)
(-) ↑ in T.P	(150)

(-) Income Tax

(1) (195)  
445



Hint: In single ques where calculation is asked as per both methods, Solve them separately as 2 diff Ques.

Q23     Mr. Zen - Sole Proprietor

	Comp <sup>y</sup>	Sole Proprietor
Profit Earn	Add to Res	Added to Capital Alc.
Withdraw profit	Dividends	Drawings.

Cash flow statement (Indirect method)

A. Cash flow from op. Act

PBT	360000
(+) loss on sale of PPE	16000
(+) Deprn	144000
+/- changes in we	
(+) ↑ in Trade payables	32000
(+) ↓ in Inventories	80000

(-) ↑ in Tradeables

(160000)

(A) 472000

B. C.F from Investing Activities

Sale of PPE

40000

Purch of land

(280000)

(B) (240000)

C. C.F from Financing Activities

Mrs. Zen loan repaid

(200000)

Bank loan taken

80000

\* Drawings by Mrs. Zen

(136000)

(C) (256000)

Opn CCE

80000

+ / (-) Net CF (A + B + C) (24000)

Cl3 CCE 56000

<u>WN</u>	<u>Zen Cap A/c</u>	<u>Land</u>
	Op'n      10,00,000	Op'n      600000
To ClB (Drawings)	By P/L (Profit Trf)	To clB
186000	360000	280000
Cls      1224000		Cls      880000
<u>=</u>	<u>=</u>	<u>=</u>
	↓ P/L TO Capital Ac	

	<u>PUM (Net Block)</u>	<u>Sale J-F</u>
Opn	640000	CIB 40000
	By CIB 40000	PL (loss) 16000
	By PL (loss) 16000	To PPE 56000
	By Deprn. 440000	
	CIB 440000	

Q24 (WR)

# Hidden Adj

① 10% Deb → Int will be calculated on full 1,10,000 as redemption of debentures happened @ the end of the year.

Int Exp Acc. (C.Y.) = 110000 × 10% = 11000 → Int Exp Dr  
To unpaid Int

ii) 10% Bonds (Investments) = 350000 × 10%

Int Income Accrued (C.Y.) = 35000 → Acc. Int  
To Int Inc

C.F from op. Act  
PBT

Add: Prem on redempt<sup>n</sup> of deb

1650

Add: Int Exp Accrued

11000

less: Int Inc Accrued

(35000)

Q mein bola that it was considered in P/L isiliye reverse kiya.

CF from Invest Act

Int Inc received

24500

CF from Fin. Act

Redempt<sup>n</sup> of Deb

(33000)

Prem on Redempt<sup>n</sup> (33000 × 5%)

(1650)

Int Exp paid

(10100)

<u>WN</u>		10% Deb		Unpaid Int	
		Opn	110000	Opn	275
To ClB	23000			By Int Exp	11000
ClB	77000				
				To ClB	10100
				ClB	1175

Acc Int on Invest	
Opn	+
To Int Inc	35000
	By ClB
	24500
	ClB
	10500

## Q.25 Cash Flow statement (Indirect method)

### A. C.F from op. Ad PBT

Increase in P/L Reserve	40000
(+) <del>—————</del> G.R	50000
(+) Tax Acc in P/L (C-y.)	80000
(+) Div declared in C-y.	<u>NIL</u>
PBT	170000
(+) Non cash exp (Deprn)	125000
(-) Non op income (Profit on sale)	(15000)

### +/- changes in wc

Less: ↓ in T-P	(120000)
Less: ↑ in Inv	(200000)
Add: ↓ in T-R	200000

(-) Income Tax paid (50000)

(A)

110000

B. C-F from Invest Act

Purch of Non curr Invest	(100000)
Sale of machine	35000
Purchase of Machine	(345000)
Purch of land & Bldg	(200000)
	<u>(610000)</u>
B	

c. C-F from Fin. Act

Issue of shares	2,00,000
Issue of Deb	2,00,000
Div paid	(100000)
	<u>300000</u>
(C)	

Opn CCE	200000
(+/-) Net CF (A + B + C)	<u>(200000)</u>
Clb CCE	<u>NIL</u>

## WN Contn of PBT

PIL		G-R	
	Opn 60000		Opn 150000
	By C.Y. profit <u>40000</u>		By PIL <u>50000</u>
cl 100000		cl 20000	

Prov for Tax		<del>Just</del> Div Payable	
	Opn 70000		Opn 100000
To clB 50000 (Given)	By PIL <u>80000</u> (Tax Accrued)	To clB 100000	
cl 100000		cl NIL	

Plant & Mach <sup>y</sup>		Land & Bldg	
Opn 500000	By Depr <sup>n</sup> 125000 (SL x 25%)	Opn 400000	
To PIL 15000	By clB 35000	To clB <u>200000</u> (Purch)	
To clB <u>345000</u> (Purch)	cl 700000		cl 600000

U-F sale clB Acc De 35000  
 TO Machine 20000  
 TO PIL (Profit) 15000



## Q26 Cash flow statement (Indirect method)

### A. C-F from Op

PBT	800000
(-) Non op Income (Div Rec'd)	(50000)
	<u>750000</u>

(A)

### B. C-F from Invest

Div Rec'd	(B) 50,000
-----------	------------

### C. C-F from Fin.

Redempt'n of Pref. shares	(100000)
Issue of eq. shares	10,00,000
Prem on issue	<u>50,000</u>
	(C) 950000

Op'n CCE	xxx
Net C-F (A+B+C)	<u>1750000</u>
Cl's CCE	xxx

WN		ESC		Sec. Prem	
		Op.	2500000	Op	500000
		By Mach <sup>y</sup>	60000	By CIB	50,000
		By CIB	10,00,000	(Prem on issue of eq. shares)	
CE	3560000	(Issue)		CE	550000

P/L		Main <sup>y</sup> Acc Dr	
		Op	20,00,000
		By Curr.	800000
CE	28,00,000	Yr Profit	

TO ESC.

Q27 (LOR)

### Cash Flow Statement (Indirect Method)

#### A. C.F. from operating Act

Increase in P/L in Curr Year	50000
(+) Increase in Cr.R in Curr Year	-
(+) Tax Accrued in C.Y. in P/L	195000
(+) Div declared in C.Y.	90000
	<hr/>
PBT	275000

(-) Non op Income (Profit on sale of PPE)	(30000)
(-) Non ——— (———— Plant)	(40000)
(-) ——— (———— Invest)	(20000)
(+) Non Cash Exp (Depn)	135000
(+) Non Op. Exp (Int Exp)	18000

#### +/- Changes in WC

(+) ↑ in T-P	5000
(+) ↑ in Liab for exp	10000
(-) ↑ in Inventory	(5000)
(-) ↑ in Trade receivables	(25000)
(-) ↑ in Other Curr. Asset	(35000)

(-) Income Tax Paid	(100000)
---------------------	----------

(A)

188000

## B. C-F from Invest Act

Sale of Land	150000
Sale of Plant	90,000
Purch of Plant	(350000)
Sale of Invest	70000
Pre-Acq div Income	5000
Purch of Invest	(25000)
	<u>(60000)</u>
	(B)

## c. C-F from Financing Activities

Issue of shares	1,00,000
Redempt <sup>n</sup> of Pref Shares	(2,00,000)
Div Paid (60k + 90k)	(150000)
Issue of Deb	100000
* Int on Deb paid	(18000)
	<u>(168000)</u>
	(C)

Opn CLE	90000
(+) / (-) Net C-F (A + B + C)	<u>(40000)</u>
Cls CLE	50000

WN ① ESC

	Op	500000
	By CLB	100000
CU	600000	
	(Issue)	

PSC

	Op	200000
	To CLB	100000
	(Redempt)	
CU	NIL	

CRR

	Op	NIL
	By G.R	100000
CU	100000	

Cap. Reserve

	Op	NIL
	By land & Bldg	70000
CU	70000	

Gen Reserve

	Op	250000
	To CRR	100000
CU	150000	

PL

	Op	50000
	By Curr. Yr Profit	50000
CU	100000	

9% Deb

	Op	NIL
	By Plant	100000
	By CLB	100000
	(Issue)	
CU	200000	

Div Payable

	Op	60000
	To CLB	90000
	(Interim div)	
	By Div Exp	90000
	(PL App)	
CU	NIL	

Prov for tax

	Op.	60000
To CLB	100000	
	By PL	135000
	(Tax Acc)	
CU	95000	

Plant

	Op.	500000
	To PL	40000
	To Deb	100000
	To CLB	350000
	By CLB (Sale)	90000
	By Deprn	135000
	(BIF)	
CU	765000	

~~Ignore 15% rate. given in ques.~~

(Opn sold + Purch)  
(5L (-) 50k + 4.5L) = 9L x 15%.

Land & Bldg			Non-Curr Invest		
Op	200000	By ClB	150000	Op	80000
To P/L	30000			By ClB (Sale)	70000
(Profit)				To P/L	20000
				To ClB	25000
To Cap Res (Reval Profit)	70000	CU	150000	(Purch)	
				CU	50000

Dr ClB	150000	Land & Bldg		Plant Ac Dr	45L
To Land	120000	To C.F.		To Deb	1L
To P/L	30000			To ClB (Bld)	35L

### # Hidden Adj

g) 9% Deb =  $200000 \times 9\% = 18000 \rightarrow$  Int Exp  $\rightarrow$  PBT revenue  
 Financing activity

### # Pre Acq div income (Refer AS 13 for logic)

ClB 5000  
 To Invest 5000

### # Interim div @ 15%. (Assumed on clB Capital) = $6L \times 15\% = 90000$

1) Declare Div Exp 90000  
 To Div Payable 90000

2) Pay Div Payable 90000  
 To ClB 90000

### Imp points in this goes

- 1) Land Revalue to Cap. Reserve
- 2) Pre- Acq<sup>n</sup> div rec'd
- 3) Div to Tax ledger
- 4) CRR to G.R.
- 5) Plant ledger - Blf - Depr<sup>n</sup>.
- 6) Hidden Adj → Int on 9% Deb

Q28 (LDR)

Cash flow statement (Indirect method)

A. C-F from op Act

Increase in P/L in Curr Year

76000

(+) Increase in G-R in Curr Year

160000

(+) Tax Accrued in C.Y. in P/L

340000

(+) Div declared in C.Y.

NIL

c.y mein  
Declare kuchi hai  
nahi hua tha.

PBT 576000

(+) Non op Exp (Prem on redempt<sup>n</sup> Pref)

6000

(+) ——— (Prem on redempt<sup>n</sup> Deb)

6000

(+) Non ——— (loss on sale of PPE)

20000

(+) Non cash exp (loss on wloff of PPE)

16000

(+) Non cash exp (Depn)

360000

(-) Non op Inc (Profit on sale of Invest)

(40000)

(+) Non op. Exp (Int on Deb)

36000

++ Changes in we

(+) ↑ in Curr. Liab

40000

(-) ↑ in Other Curr. Asset (Refer working Below)

(16000)

(-) Income Tax paid

(360000)

A.

644000



B. C-F from Invest Activity

Sale of PPE	1,00,000
Sale of Invest	120000
Purch of PPE	(856000)
	<u>(B) (636000)</u>

C. C-F from fin. activity

Issue of Eq sh.	4,00,000
Redempt <sup>n</sup> of Pref Shares	(120000)
<i>Gain on redempt<sup>n</sup> of Pref sh. (120000 x 5%)</i>	<i>(6000)</i>
Redempt <sup>n</sup> of Deb	(120000)
<i>Gain on redempt<sup>n</sup> of Deb (120000 x 5%)</i>	<i>(6000)</i>
Int on deb paid	(36000)
Div paid	(120000)
	<u>(C) (8000)</u>

Opn CFE	10,000
+/- Net C-F (A+B+C)	<u>NIL</u>
Clc CFE	10,000

WN

PSC		Gen. Reserve		PL	
	Op 400000		Op 600000		Op 240000
To CLB (120000)			By Curr (160000)		+ 240000
			Year PL		(Opn Inv)
Cu 280000		Cu 760000		Cu 340000	By (76000)
					Curr. Yr. Profit

9% Deb		Div Payable	
	Op 400000		Op 120000
To CLB 120000 (Redempt)		To CLB (120000)	
		(Div Paid)	
Cu 280000		Cu =	

Prov for tax		PPE	
#			
To CLB 360000	Op 360000	Op 22,80,000	By CLB 100000
			By PL (loss) 20000
		To CLB (856000)	By PL (loss on wloff) 16000
			By Depn 360000
Cu 340000	By PL (Tax Acc) 340000		Cu 26,40,000

Non Curr Invest		Sale of Invest	
Op 400000			
To PL (Profit) 40000	By CLB (Sale) (120000)	CLB ?	
		TO PL 40k	
	Cu 320000	TO Invest ?	

wloff  
 PIL (loss) 16k  
 TO PPE 16k

# Inventory of P.Y. undervalued

216000

cost less 10%

→ 90%

240000

100%

↑ in Opn Inventory 24000

J.E. Opn Inv Alc Dr 24000  
To Opn P/L Rev 24000

B/S	P-Y (Opn)	C-Y.
<u>P/L</u>	240000 + 24000 <u>264000</u>	
Inventory (Other Curr Asset)	11,10,000 + 24000 <u>1134000</u>	1150000

↑ in other C.A 16000

# Int on Deb =  $9\% \times 400000 = 36000$  → PBT Revenue  
↳ Fin. Act.

# For Tax → Accrued & Paid Amt Both are missing  
∴ Assume Opn Tax was paid in C.Y.  
& Cb Tax was accrued in C.Y.

### Q30 Cash flow statement (Indirect method)

#### A.] Cash flow from op. Act

Increase in PL Reserve in C.Y. 41000

————→ G.R. ————— 30000

Tax Accrued in C.Y. 16000

Div Declared in C.Y. 5000

PBT 92000

(+) Non op Exp (Int Exp on deb) 12000

(+) Non Cash Exp (Deprn) 2200

(+) Non op Exp (Loss on sale of vehicle) 800

(-) Profit on sale of land (25000)

(+) Non Cash Exp (Deprn) 5000

(-) Profit on sale of Invt (8000)

(-) Int Income (6500)

(+) Non Cash Exp (Amortn) 13000

#### +/- we changed

(-) ↑ in Inv (8000)

(-) ↑ in B.R (3650)

(+) ↓ in T.R 6000

(-) ↓ in B.P (2000)

(+) ↑ in T.P 4000

(+) ↑ in o/s Exp 1500

(-) Income Tax paid (9000)

(A)

74350

B. C-F from Invest Act

Sale of Vehicle	3000
Sale of land	125000
Sale of Invest	58000
Int Inc rec'd	6500
Purch. of Furniture	(9000)
Purch of Equip	<del>21000</del> (10500)
	(B) 173000

C. C-F from Fin Act

Issue of Eq Sh. Cap	180000
Redempt <sup>n</sup> of Deb	(300000)
Int Exp paid	(12000)
loan repaid	(15000)
Div paid	(5000)
	(C) (152000)

Op <sup>n</sup> CLE	34500
(+) Net C-F (A+B+C)	95350
CLE CLE	<u>129850</u>

WN

Goodwill

Op	28000	
	By Amort <sup>n</sup>	13000
	Cr	15000
		=

Land

Op	60000	By ClB	125000
	To P/L	25000	
	(Profit)		
	To Cap Res	75000	
	Cr		575000
			=

Furniture & Fixtures

Op	44000	By Depn	5000
	To ClB	9000	
	(Purch)		
	Cr		48000
			=

Vehicles

Op	28000	By ClB (Sale)	3000
		By Depn	2200
		By P/L (Loss)	800
		Blf	
		Cr	22000
			=

Ofc Equip

Op	NIL	
	<del>10500</del>	
	To ClB	<del>21000</del>
	(Purch)	
	To Cr. for Eq	10500
	Cr	21000
		=

Long term Invest

Op	110000	
	To P/L	8000
	By ClB	58000
	(Sale)	
	Cr	60000
		=

Gen. Reserve

	Op	60000
	By Curr Yr P/L	30000
Cr		
90000		

P/L

	Op	52000
	By Curr. Yr	41000
	Profit	
Cr	93000	

Cap. Reserve

Op	-
	By Land 75k
Cr	
75000	

## # Int on Deb

$$300000 \times 8\% \times \frac{6}{12} = \boxed{12000}$$

↳ PBT Reverse  
 ↳ Fin. Act.

Creditors for Equipment			Prov for tax		
		Op			Op
		-			11000
		By Equip		To CLB	
		10500		(Tax paid)	9000
					By PLL
					16000
					(Tax Accrued)
CLB	10500		CLB	18000	
	=			=	

Div Payable		
		Op <sup>n</sup>
		NIL
To CLB	5000	By PLL App
		(Div declared)
CLB	NIL	5000
	=	

## # Equipment

Equipment Acc Dr 21000

To creditors for equip 10500

To CLB (Elf) 10500

### Q31 (Direct Method)

#### Cash Flow Statement (Direct Method)

(£ in thousands)

##### A. Cash Flow from op. Act

Cash Sales	524	Debtors ledger not reqd. as we already have an rec'd from Debtors.
Cash receipts from Trade re'ables	268	
(-) Cash purchases (440 x 20%)	(88)	
(-) Cash paid to Creditors	(336)	
(-) Op. Exp	(38)	
(-) Emp Exp	(40)	

(-) Income Tax

(A) 52  
238

##### B. CF from Invest Act

Purchase of Machine	(20)
Sale of Invest	32
	<u>12</u>

B



c. CF from fin. Act

Redempt<sup>n</sup> of Pref Shares (64)

Issue of shares (40 cr + 20% Prem) 48

Div Paid (30)

Deb Int Paid (4)

c (50)

Opn CLE 4

(+) Net C-F (A+B+c) 200

CLE 204

WN	Creditors	Credit Purchase	352
	Op 168	TO Creditors	352
TO CIB	By Purch 352	(440 x 80%)	
CLE	184		

New Machine Cost 50cr

Old Machine taken over (30cr)

Cash paid 20cr

### Q.32 Cash Flow Statement (Indirect method)

#### A- Cash Flow from op. Act

Increase in P/L during the Year 17000

(+)                      G.R                     

(+) Tax Accrued in P/L                      ~~7000~~ <sup>6000</sup>

(+) Div Declared in Curr. Year (10k + 7k) 18000

PBT 41000

(7000 - 1000) → Refer  
↓ Tax  
By P/L to P/L ledger.

(+) Non Cash Exp (Depr.) 4000

(+) loss on sale 3000

(+) Prem payable on Pref Shares 2000

(-) Profit on sale (10000)

→ As there is No Sec. Prem  
a/c, it is assumed that  
this was w/off thru  
P/L ∴ it is reversed  
now.

#### +/- we change

(-) ↑ in T.R (2000)

(+) ↑ in T.P 8000

(+) ↓ in Prepaid Exp 1000

(-) ↓ in o/s exp (400)

(-) Income Tax Paid (3000)

C.F from op. Activities. (A) 43600

WN

Prov for tax

# J-E for Refund of Tax

TOCIB

3000

Op

4000

To PIC

1000

By PIC

7000

(Refund)

Prov for tax 1000

TO PIC (Refund of Inc 1000  
Tax)

eu

7000

### Q33 Cash Flow Statement (Indirect Method)

#### A. Cash Flow from Op. Act

Increase in c.y. PLC	43200
(+) ——— — GR	27000
(+) Tax Accrued in c.y	162000
(+) Div declared in c.y	

PBT 232200

(+) Deprn	32400
(+) Int Exp on Deb	14256
(-) Int Inc on Invest	(4320)

#### +/- changes in WC

(-) ↓ in T-P	(10800)
(-) ↑ in T-R (Refer w.n)	(153360)
(+) ↓ in Inv	54000

(-) Income Tax paid	(228400)
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(A) (84024)

CWN		PIL	Prov for tax	
Total bal b/d (Dr. Bal)	5400	<del>By bal b/d</del>	Op	221400
		By PIL 43200	To CB 248400	By PIL 162000
To bal c/d, 37800				
			CU 135000	

Gen. Reserve		12% Deb	
	Op. 54000	Op	118800
	By PIL 27000	By CB (Issue)	172800
CU 81000		CU 291600	

8% Curr. Invest	
Op 54000	
To CB (Purch) 54000	
	CU 108000

### # Hidden Adj


① 12% Deb = Int on Deb =  $118800 \times 12\%$   
 Exp = 14256

② 8% Curr. Invest = Int on Invest =  $54000 \times 8\%$   
 Inc. = 4320

	P-y	C-y.
PPE (Gross)	399600	399600
(- Acc. Deprn)	<u>(129600)</u>	<u>(162000)</u>
Net Book	<u>270000</u>	<u>237600</u>

PPE	
Op	270000
	By Depn <u>32400</u>
	Cls 237600

	P-y	C-y.
T-R (Gross)	81000	261360
(- Prov for D.D)	<u>(27000)</u>	<u>(54000)</u>
Net	<u>54000</u>	<u>207360</u>


  
 (-) ↑ in T-R

## 5) Foreign Currency Ex Gain/Loss on Cash Balance

Eg Aditya Sis had \$1000 in Bank. on 01/04/11. There were no withdrawals/deposits in C.Y.

∴ ClB Bal on Yr end is \$1000.

Exchange Rate on 01/04/11 → ₹70/\$

on 31/03/12 → ₹75/\$

Prepare cash flow statement.

	01/04/11	31/03/12
BB		
CCE	₹70,000 ( $\$1000 \times ₹70/\$$ )	₹75,000 ( $\$1000 \times ₹75/\$$ )

Ex Gain = ₹5,000  
(PIL)

### C-F Statement (Indirect Method)

#### A. C-F from Op Act

PBT (Ex Gain) 5000  
less: Non cash / Non Op Inc (Ex Gain) (5000)

(A) 0

#### B. C-F from Invest Act

(B) -

#### C. C-F from Fin Act

(C) -

Opn CCE	70,000
(+/-) Net C-F (A+B+C)	0

(+) Ex Gain on Cash Bal 5000

Cls CCE 75000

As per AS 3, whenever any exchange gain/loss arises on CCE, then we will reverse the gain from PBT in Op. Activities. But to reconcile our cash/Bank bal, we will add the exch. gain in opening CCE to reconcile with closing CCE

Q34 (WDR)

Opn Bal in Bank =  $£100,000 \times ₹82/£ = ₹82,00,000$

Cls Bal in Bank =  $£1,05,000 \times ₹85/£ = ₹89,25,000$

Profit ₹725000

Int Income	Ex Gain
£5000 x ₹85/£	(Bif)
= 425000	<span style="border: 1px solid black; padding: 2px;">300000</span>



## Cash Flow Statement (Indirect method)

		<u>Direct Method</u>	
<u>A. C.F. from Op.</u>		<u>CF from Op Act</u> -	
PBT	725000		
(-) Non Op Inc (Int Inc)	(425000)	<u>CF from Invest Act</u>	
(-) Ex Gain on Cash Bal	(300000)	Int Income	425000
(A)	0		
<u>B. C.F. from Invest</u>		<u>CF from Fin</u> -	
Int Income rec'd	(B) 425000		
<u>C. C.F. from Fin. Act</u> (C)      -		Opn CCE      82,00,000	
		(+) Net CF      425000	
Opn CCE	82,00,000	(+) Ex Gain on Cash Bal      300000	
(+) Net CF (A+B+C)	425000		
(+) Ex Gain on Cash Bal	300000	Clb CCE      89,25,000	
Clb CCE	89,25,000		

✕ ————— ✕ ————— ✕ ————— ✕ ————— ✕

