

1. CASH FLOW STATEMENT (AS 3)

TYPE 1: DIRECT METHOD

Q1. Date: NB Pg. No. Stars: Exam: Inter [Jul. 21, Q.1(d)] [5 Marks]

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	₹ ('000)	Outflows	₹ ('000)
Opening Balance	945	Payment to suppliers	54,918
Receipts from Customers	74,682	Purchase of Investments	351
Sale of Investments (Cost ₹ 4,05,000)	459	Property, plant and equipment acquired	6,210
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

Q2. Date: NB Pg. No. Stars:

Prepare Cash Flow from Investing Activities of M/s. Creative Furnishings Limited for the year ended 31.3.2017.

Particulars	(₹)
Plant acquired by the issue of 8% Debentures	1,56,000
Claim received for loss of plant in fire	49,600
Unsecured loans given to subsidiaries	4,85,000
Interest on loan received from subsidiary companies	82,500
Pre-acquisition dividend received on investment made	62,400
Debenture interest paid	1,16,000
Term loan repaid	4,25,000
Interest received on investment (TDS of 8,200 was deducted on the above interest)	68,000
Book value of plant sold (loss incurred 19,600)	84,000

TYPE 2: INDIRECT METHOD (P&L)

Q3. Date:	NB Pg. No.	Stars:
-----------	------------	--------

From the following details relating to the Accounts of Grow More Ltd. prepare Cash Flow Statement:

Liabilities:	31.03.20X1 (₹)	31.03.20X0 (₹)
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
Dividend payable	2,00,000	1,00,000
Trade payables	7,00,000	8,20,000
	25,00,000	20,00,000
Assets:		
Plant and Machinery	7,00,000	5,00,000
Land and Building	6,00,000	4,00,000
Investments	1,00,000	-
Trade receivables	5,00,000	7,00,000
Inventories	4,00,000	2,00,000
Cash on hand/Bank	2,00,000	2,00,000
	25,00,000	25,00,000

- (i) Depreciation @ 25% was charged on the opening value of Plant and Machinery.
- (ii) At the year end, one old machine costing 50,000 (WDV 20,000) was sold for ₹ 35,000. Purchase was also made at the year end.
- (iii) ₹ 50,000 was paid towards Income tax during the year.
- (iv) Building under construction was not subject to any depreciation.

Prepare Cash Flow Statement.

TYPE 3: INDIRECT METHOD (B/S)

Q4. Date: NB Pg. No. Stars: Exam: IPCC Gr. I, Nov. 11, Q.4(a), 10 Marks

Balance Sheet of M/s Hero Ltd. as on 31st March, 2010 and 2011 are as follows: (₹ in '000)

Liabilities	31.3.10	31.03.11	Assets	31.3.10	31.03.11
Equity share capital	1,000	1,150	Land & buildings	500	480
Capital reserve	-	10	Machinery	750	820
General reserve	250	300	Investments	100	50
Profit and loss A/c	150	180	Stock	300	280
Long term loan from bank	500	400	Sundry debtors	400	420
Sundry creditors	500	400	Cash in hand	200	165
Provision for taxation	50	60	Cash at bank	300	410
Proposed dividends	100	125			
	2,550	2,625		2,550	2,625

Additional information:

- (i) Dividend of ₹ 1,00,000 was paid during the year ended 31st March, 2011.
- (ii) Machinery purchased during the year for ₹ 1,25,000.
- (iii) Company sold some investment at a profit of ₹ 10,000 which was credited to capital reserve.
- (iv) Depreciation written off on land and building ₹ 20,000.
- (v) Income tax provided during the year ₹ 55,000.

From the above particulars, prepare a cash flow statement for the year ended 31st March, 2011 as per AS 3 using indirect method.

TYPE 4: INDIRECT METHOD (GENERAL)

Q5. Date: NB Pg. No. Stars: Exam: Inter [Nov. 20, Q.4(a)] [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 ₹ 30 lakhs:
 - (a) Depreciation on Property, Plant & Equipment ₹ 7.50 lakhs.
 - (b) Discount on issue of Debentures written off ₹ 45,000.
 - (c) Interest on Debentures paid ₹ 5,25,000.
 - (d) Book value of investments ₹ 4.50 lakhs (Sale of Investments for ₹4,80,000).
 - (e) Interest received on investments ₹ 90,000.
- (ii) Compensation received ₹ 1,35,000 by the company in a suit filed.

- (iii) Income tax paid during the year ₹ 15,75,000.
- (iv) ₹ 22,500, 10% preference shares of 100 each were redeemed on 02-04-2019 at a premium of 5%.
- (v) Further the company issued ₹ 75,000 equity shares of 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 ₹ 7.50 lakhs (including dividend distribution tax) and interim dividend paid ₹ 2.50 lakhs for the year 2019-2020.
- (viii) Land was purchased on 02.4.2019 for ₹ 3,00,000 for which the company issued 22,000 equity shares of ₹10 each at a premium of 20% to the land owner and balance in cash as consideration.
- (ix) Current assets and current liabilities in the beginning and at the end of the years were as detailed below:

	As on 01.04.2019	As on 31.3.2020
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

TYPE 5: Foreign Currency Adjustment

Q6. Date: **NB Pg. No.** **Stars:**

Given below are the condensed Balance Sheets of Lamba Ltd. for two years and the statement of Profit and Loss for one year:

As at 31st March	(Figures in ₹ Lakhs)	
	2009	2008
Share Capital		
In equity shares of ₹ 100 each	150	110
10 % redeemable preference shares of ₹ 100 each	10	40
Capital redemption reserve	10	—
General reserve	15	10
Profit and Loss account balance	30	20
8 % debentures with convertible option	20	40
Other term loans	<u>15</u>	<u>30</u>
Total	<u>250</u>	<u>250</u>
Fixed assets less depreciation	130	100
Long term investments	40	50
Working capital	<u>80</u>	<u>100</u>
Total	<u>250</u>	<u>250</u>

Statement of Profit and Loss for the year ended 31st March 2009.

(Figures in ₹ Lakhs)

Sales		600
Less: cost of Goods Sold		<u>400</u>
		200
Establishment charges	30	
Selling and distribution expenses	60	
Interest expenses	5	
Loss on sale of equipment (Book value ₹ 40 lakhs)	<u>15</u>	<u>110</u>
		90
Interest income	4	
Dividend income	2	
Foreign exchange gain	10	
Damages received for loss of reputation	<u>14</u>	<u>30</u>
		120
Depreciation		<u>50</u>
		70
Taxes		<u>30</u>
		40
Dividends		<u>15</u>
Net profit carried to Balance Sheet		<u>25</u>

You are informed by the accountant that ledgers relating to debtors, creditors and stock for both the years were seized by the income-tax authorities and it would take at least two months to obtain copies of the same. However, he is able to furnish the following data:

(Figures in ₹ Lakhs)

	2009	2008
Dividend receivable	2	4
Interest receivable	3	2
Cash on hand and with bank	7	10
Investments maturing within two months	<u>3</u>	<u>2</u>
	<u>15</u>	<u>18</u>
Interest payable	4	5
Taxes payable	<u>6</u>	<u>3</u>
	<u>10</u>	<u>8</u>
Stock	64	150
Debtors	161	182
Creditors	<u>150</u>	<u>242</u>

It is also gathered that debenture holders owning 50 % of the debentures outstanding as on 31.3.2008 exercised the option for conversion into equity shares during the financial year and the same was put through.

You are required to prepare a direct method Cash Flow Statement for the financial year 2008-09 in accordance with para 18 (a) of Accounting Standard 3 (revised). Also solve under Indirect Method.

Foreign Exchange Gain represents revaluation of Debtors.

TYPE 6: AS-3

Q7. Date: NB Pg. No. Stars: Exam: Inter [Dec. 21, Q.1(b)] [5 Marks]

Following are the extracts from the Balance Sheet of ABC Ltd.

Liabilities	31.3.2020	31.3.2021
Equity Share Capital	25,00,000	35,60,000
10% Preference Share Capital	7,00,000	6,00,000
Securities Premium Account	5,00,000	5,50,000
Profit & Loss A/c	20,00,000	28,00,000

Equity Share Capital for the year ended 31st March, 2021 includes ₹ 60,000 of equity shares issued to Grey Ltd. at par for supply of Machinery of ₹ 60,000.

Profit & Loss account on 31st March, 2021 includes ₹ 50,000 of dividend received on Equity shares invested in X Ltd.

Show how the related items will appear in the Cash Flow Statement of ABC Ltd. as per AS-3 (Revised).

Q8. Date: NB Pg. No. Stars: IPCC Gr. I, May 2018, Q.1(a), 5 Marks

How will you disclose following items while preparing Cash Flow Statement of Gagan Ltd. as per AS-3 for the year ended 31st March, 2018?

- (i) 10% Debentures issued: As on 01-04-2017 ₹ 1,10,000
As on 31-03-2018 ₹ 77,000
- (ii) Debentures were redeemed at 5% premium at the end of the year. Premium was charged to the Profit & Loss Account for the year.
- (iii) Unpaid Interest on Debentures: As on 01-04-2017 ₹ 275
As on 31-03-2018 ₹ 1,175
- (iv) Debtors of ₹ 36,000 were written off against the Provision for Doubtful Debts A/c during the year.
- (v) 10% Bonds (Investments): As on 01-04-2017 ₹ 3,50,000
As on 31-03-2018 ₹ 3,50,000
- (vi) Accrued Interest on Investments: As on 31-03-2018 ₹ 10,500

