

National Institute of Open Schooling (NIOS)
Senior Secondary
Worksheet-34

L-34 CASH FLOW STATEMENT

1. What is Cash flow? Describe the objectives of cash flow in economic life of a business.
2. Write the method of preparing cash flow statement in the format of cash flow statement for the year ended march 2020 as per Accounting Standard-3(Revised).
3. The net Income reported in the Income Statement for the year was Rs.110,000 and depreciation on fixed assets for the year was Rs. 44000. The balances of the current assets and current liabilities at the beginning and at the end of the year were as follows. Calculate cash from operating activities.

<i>Current Items</i>	<i>End of the year Amount (₹)</i>	<i>Beginning of the year Amount (₹)</i>
Cash	130,000	140,000
Debtors	200,000	180,000
Inventories	290,000	300,000
Prepaid expenses	15,000	16,000
Account payables	102,000	1,16,000

4. From the following information calculate the cash flow from investing activities:

<i>Particulars</i>	<i>Opening</i>	<i>Closing</i>
Machinery (at cost)	4,00,000	4,20,000
Accumulated Depreciation	1,00,000	1,10,000
Patents	2,80,000	1,60,000

Additional Information:

- (i) During the year a machine costing Rs. 40,000 with this accumulated depreciation 24000 was sold for Rs.20,000
- (ii) Patents were written off to the extent of Rs. 40,000 and some patents were

sold at a profit of Rs.20,000

5. From the following information. Calculate the Cash from financing activities:

<i>Particulars</i>	<i>31.12.2006</i>	<i>31.12.2007</i>
Equity share capital	4,00,000	5,00,000
10% debentures	1,50,000	1,00,000
Securities premium	40,000	50,000

Additional Information: Interest paid on debentures Rs.10000.

6. Classify the following into cash flows from operating activities, investing activities and financing activities

- Cash sale of goods
- Cash paid to suppliers of raw material
- Cash payments of salaries and wages to employees.
- Cash payment to acquire fixed assets
- Cash proceeds from issues of shares at premium.
- Payment of dividend
- Interest received on investments
- Interest on debentures
- Payment of income tax
- Cash payment of long-term loans

7. Write the procedureisfollowed in treatment of following special items-

- Payment of Interim Dividend
- Proposed Dividend
- Share Capital
- Purchase or sale of fixed Assets
- Provision for Taxation

8. The comparative balance sheets of Bansal Private Limited at two different dates provide the following information.

<i>Assets</i>	<i>March31,2006 Amount(₹)</i>	<i>March31,2007 Amount(₹)</i>
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Plant and machinery	13,50,000	14,40,000
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Note: Depreciation amounting to 60,000 has been provided during the year.

Find the changes that have taken place in the asset and also state their effect on cash flows.

9. The following information is given to you about the provision for taxation of M/s Gill India (Pvt.) Limited.

<i>Liabilities</i>	<i>March31,2013</i>	<i>March31,2014</i>
Provision for taxation	15000	20000

Net Income for the year 2013-14 is ₹ 50,000

How would you deal with this item assuming it as non-current liability?

10. Describe the significant limitations of Cash Flow Statement.