

8. From the following Statement of Profit & Loss for the year ended 31st March, 2022 of Rex Ltd., calculate Inventory Turnover Ratio:

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2022

Particulars	Note No.	₹
I. Revenue from Operations (Net Sales)		6,00,000
II. Expenses:		
(a) Purchases of Stock-in-Trade		3,00,000
(b) Change in Inventory of Stock-in-Trade	1	50,000
(c) Employees Benefit Expenses		60,000
(d) Other Expenses	2	45,000
<b>Total Expenses</b>		<b>4,55,000</b>
III. Profit before Tax (I – II)		1,45,000
IV. Less: Tax		45,000
V. Profit after Tax (III – IV)		1,00,000

**Notes to Accounts**

Particulars	₹
<b>1. Change in Inventory of Stock-in-Trade</b>	
Opening Inventory	1,25,000
Less: Closing Inventory	75,000
	<b>50,000</b>
<b>2. Other Expenses</b>	
Carriage Inwards	15,000
Miscellaneous Expenses	30,000
	<b>45,000</b>

[Ans.: Inventory Turnover Ratio = 3.65 Times.]

[Hint: Cost of Revenue from Operations (Cost of Goods Sold) = Purchases of Stock-in-Trade + Change in Inventory of Stock-in-Trade + Carriage Inwards = ₹ 3,65,000.]

9. From the following particulars, determine Trade Receivables Turnover Ratio:

	₹
Revenue from Operations (Net Sales)	20,00,000
Credit Revenue from Operations (Credit Sales)	16,00,000
Trade Receivables	2,00,000

[Ans.: Trade Receivables Turnover Ratio = 8 Times.]

10. Following is the Balance Sheet of the Bharati Ltd. as at 31st March, 2022:

Particulars	Note No.	₹
<b>I. EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' Funds</b>		
(a) Share Capital		7,50,000
(b) Reserves and Surplus:		
<i>Surplus, i.e., Balance in Statement of Profit &amp; Loss:</i>		
Opening Balance	6,30,000	
Add: Transfer from Statement of Profit & Loss	14,58,000	
		<b>20,88,000</b>
<b>2. Non-Current Liabilities</b>		
15% Long-term Borrowings		24,00,000
<b>3. Current Liabilities</b>		
		12,00,000
<b>Total</b>		<b>64,38,000</b>

II. ASSETS		
<b>1. Non-Current Assets</b>		
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>		
—Property, Plant and Equipment		27,00,000
(b) <i>Non-current Investments:</i>		
(i) 10% Investments		3,00,000
(ii) 10% Non-trade Investments		1,80,000
<b>2. Current Assets</b>		32,58,000
<b>Total</b>		<b>64,38,000</b>

You are required to calculate Return on Investment for the year ended 31st March, 2022 with reference to Opening Capital Employed. **[Ans.: Return on Investment (ROI) = 50%.]**

**[Hint:** 10% Investments are Trade Investments.]

11. From the following information of Green Star Ltd., Calculate Debt to Equity Ratio:

	₹		₹
Trade Payables	3,00,000	Trade Receivables	3,00,000
Other Current Liabilities (12.5% of Current Assets)		Net Fixed Assets	30,00,000
Total Debts	28,00,000	Long Term Loans and Advances	1,60,000
Other Quick Assets	80,000	Non-Current Investments	40,000
Prepaid Expenses	20,000	Opening Inventory	3,20,000

**Note:** Closing Inventory 25% more than Opening Inventory.

**[Ans.: Debt to Equity Ratio = 2 : 1]**

**[Hint:** (i) Closing Inventory = ₹ 4,00,000; (ii) Current Assets = ₹ 8,00,000; (iii) Current Liabilities = ₹ 4,00,000; (iv) Total Assets = ₹ 40,00,000; (v) Equity = Total Assets – Total Debts = ₹ 12,00,000; (vi) Long-term Debts = ₹ 24,00,000.]

12. Calculate Revenue from Operations of King Ltd. from the following information:

Current Assets ₹ 20,00,000; Quick Ratio is 1.5 : 1; Current Ratio is 2 : 1; Inventory Turnover Ratio is 6 Times; Goods are sold at a profit of 25% on cost.

**[Ans.: Revenue from Operations = ₹ 37,50,000.]**

**[Hint:** Current Liabilities = ₹ 10,00,000; Quick Assets = ₹ 15,00,000; Inventory = ₹ 5,00,000; Cost of Revenue from Operations = ₹ 30,00,000.]

13. Quick Ratio 1.5, Current Ratio 2, Total Current Assets ₹ 20,00,000, Inventory Turnover Ratio 6 Times. Goods are sold on 20% Profit on Sales. Calculate Revenue from Operations.

**[Ans.: Revenue from Operations = ₹ 37,50,000.]**

**[Hint:** Current Liabilities = ₹ 10,00,000; Quick Assets = ₹ 15,00,000; Inventory = ₹ 5,00,000; Cost of Revenue from Operations = ₹ 30,00,000.]

14. The motto of Yash Ltd., an advertising company is 'Service with Dignity'. Its management and work force is hard working, honest and motivated. The net profit of the company doubled during the year ended 31st March, 2014. Encouraged by its performance company decided to give one month extra salary to all its employees. Following is the Comparative Statement of Profit & Loss of the company for the years ended 31st March, 2013 and 2014:

COMPARATIVE STATEMENT OF PROFIT & LOSS

Particulars	Note No.	2012-13 ₹	2013-14 ₹	Absolute Change (₹)	Percentage Change (%)
Revenue from Operations		10,00,000	15,00,000	5,00,000	50.00
Less: Employees Benefit Expenses		6,00,000	7,00,000	1,00,000	16.67
Profit before Tax		4,00,000	8,00,000	4,00,000	100.00
Less: Tax Rate 25%		1,00,000	2,00,000	1,00,000	100.00
Profit after Tax		3,00,000	6,00,000	3,00,000	100.00

Calculate Net Profit Ratio for the years ending 31st March, 2013 and 2014.

(Delhi 2015, Modified)

$$[\text{Ans.: Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Revenue from Operations}} \times 100]$$

$$\text{For the year ending 31st March, 2013} = \frac{₹ 3,00,000}{₹ 10,00,000} \times 100 = 30\%$$

$$\text{For the year ending 31st March, 2014} = \frac{₹ 6,00,000}{₹ 15,00,000} \times 100 = 40\%$$

- 15.

**Wintex Products Ltd.**

COMMON-SIZE STATEMENT OF PROFIT & LOSS  
for the years ended 2021 and 2022

Particulars	Note No.	Absolute Amounts		Percentage of Revenue from Operations (Net Sales)	
		31st March, 2021 (₹)	31st March, 2022 (₹)	31st March, 2021 (%)	31st March, 2022 (%)
I. Revenue from Operations (Net Sales)		10,00,000	12,50,000	100.00	100.00
II. Expenses					
(a) Purchases of Stock-in-Trade		7,20,000	8,70,000	72.00	69.60
(b) Change in Inventories of Stock-in-Trade		30,000	(20,000)	3.00	(1.60)
(c) Depreciation and Amortisation Expenses		20,000	30,000	2.00	2.40
(d) Other Expenses		30,000	50,000	3.00	4.00
<b>Total Expenses</b>		8,00,000	9,30,000	80.00	74.40
III. Profit before Tax (I - II)		2,00,000	3,20,000	20.00	25.60
IV. Less: Income Tax		60,000	96,000	6.00	7.68
V. Profit after Tax (III - IV)		1,40,000	2,24,000	14.00	17.92

From the above Common-size Statement of Profit & Loss for the years ended 31st March, 2021 and 31st March, 2022, compute Gross Profit Ratio.

[Ans.:

**Gross Profit Ratio**

$$= \frac{\text{Gross Profit}}{\text{Revenue from Operations}} \times 100$$

Gross Profit:

Revenue from Operations

Less: Cost of Revenue from Operations

**31st March, 2021**

$$= \frac{\text{₹ } 2,50,000}{\text{₹ } 10,00,000} \times 100$$

= 25%

₹

10,00,000

7,50,000

2,50,000

**31st March, 2022**

$$= \frac{\text{₹ } 6,17,500}{\text{₹ } 7,50,000} \times 100$$

= 32%

₹

12,50,000

8,50,000

4,00,000 ]

1. From the following Balance Sheet of Combiplast Ltd. for the year ended 31st March, 2022 and additional information, calculate Cash Flow from Investing Activities:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		7,50,000	5,00,000
(b) Reserves and Surplus		10,00,000	8,50,000
<b>2. Current Liabilities</b>			
		4,50,000	3,50,000
<b>Total</b>		<b>22,00,000</b>	<b>17,00,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
Property, Plant and Equipment	1	12,00,000	12,00,000
(b) Non-Current Investments		5,00,000	3,00,000
<b>2. Current Assets</b>			
(a) Trade Receivables		3,00,000	1,10,000
(b) Cash and Cash Equivalents		2,00,000	90,000
<b>Total</b>		<b>22,00,000</b>	<b>17,00,000</b>

**Note to Accounts**

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Property, Plant and Equipment</b>		
Land	3,00,000	3,00,000
Building	4,00,000	4,00,000
Plant and Machinery	5,00,000	5,00,000
	<b>12,00,000</b>	<b>12,00,000</b>

*Additional Information:* During the year the company sold machinery at Book Value of ₹ 1,50,000.

[Ans.: Cash Used in Investing Activities = ₹ 2,00,000.]

2. From the following Balance Sheet of Kumar Ltd. as at 31st March, 2022, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	16,00,000	10,40,000
(b) Reserves and Surplus	2	5,50,000	2,60,000
<b>2. Non-Current Liabilities</b>			
<i>Long-term Borrowings:</i>			
9% Debentures		4,00,000	6,00,000
<b>3. Current Liabilities</b>			
Trade Payables		4,50,000	1,00,000
<b>Total</b>		<b>30,00,000</b>	<b>20,00,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
—Property, Plant and Equipment (Machinery)		20,00,000	15,00,000
<b>2. Current Assets</b>			
(a) Inventories		3,00,000	2,00,000
(b) Trade Receivables		2,00,000	1,00,000
(c) Cash and Cash Equivalents		5,00,000	2,00,000
<b>Total</b>		<b>30,00,000</b>	<b>20,00,000</b>

### Notes to Accounts

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Share Capital</b>		
Equity Share Capital	15,00,000	10,00,000
7% Preference Share Capital	1,00,000	40,000
	<u>16,00,000</u>	<u>10,40,000</u>
<b>2. Reserves and Surplus</b>		
General Reserve	4,00,000	60,000
Surplus, i.e., Balance in Statement of Profit & Loss	1,50,000	2,00,000
	<u>5,50,000</u>	<u>2,60,000</u>

*Additional Information:*

- During the year, a machinery costing ₹ 20,000 was sold for ₹ 6,000.
- Dividend paid during the year ₹ 50,000.

(Foreign 2008, Modified)

[Ans.: Cash Flow from Operating Activities = ₹ 5,58,000; Cash Used in Investing Activities = ₹ 5,14,000; Cash Flow from Financing Activities = ₹ 2,56,000; Net Increase in Cash and Cash Equivalents = ₹ 3,00,000.]

[Hint: Calculation of Net Profit before Tax and Extraordinary Items:

	₹
Net Loss	(50,000)
Add: Dividend Paid during the Year	50,000
Transfer to General Reserve	3,40,000
Net Profit before Tax and Extraordinary Items	<u>3,40,000</u> ]

- Following are the Balance Sheets of Krishtec Ltd. for the years ended 31st March, 2012 and 2011:

Particulars	Note No.	31st March, 2012 (₹)	31st March, 2011 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		12,00,000	8,00,000
(b) Reserves and Surplus (Surplus, i.e., Balance in Statement of Profit & Loss)		3,50,000	4,00,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings		4,40,000	3,50,000
<b>3. Current Liabilities</b>			
Trade Payables		60,000	50,000
<b>Total</b>		<u>20,50,000</u>	<u>16,00,000</u>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
Property, Plant and Equipment and Intangible Assets:			
Property, Plant and Equipment		12,00,000	9,00,000
<b>2. Current Assets</b>			
(a) Inventories		2,00,000	1,00,000
(b) Trade Receivables		3,10,000	2,30,000
(c) Cash and Cash Equivalents		3,40,000	3,70,000
<b>Total</b>		<u>20,50,000</u>	<u>16,00,000</u>

Prepare a Cash Flow Statement after taking into account the following adjustments:

- The company paid interest ₹ 36,000 on its long-term borrowings.
- Depreciation charged on tangible fixed assets was ₹ 1,20,000.

(AI 2013, Modified)

[Ans.: Cash Used in Operating Activities = ₹ 64,000; Cash Used in Investing Activities = ₹ 4,20,000; Cash Flow from Financing Activities = ₹ 4,54,000; Net Decrease in Cash and Cash Equivalents = ₹ 30,000.]

4. Prepare Cash Flow Statement from the following Balance Sheet:

Particulars	Note No.	31st March, 2013 ₹	31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	6,00,000	5,00,000
(b) Reserves and Surplus		4,00,000	2,00,000
<b>2. Current Liabilities</b>			
Trade Payables		2,80,000	1,80,000
<b>Total</b>		<b>12,80,000</b>	<b>8,80,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
Property, Plant and Equipment (Machinery)		5,00,000	3,00,000
<b>2. Current Assets</b>			
(a) Inventories		1,00,000	1,50,000
(b) Trade Receivables		6,00,000	4,00,000
(c) Cash and Cash Equivalents		80,000	30,000
<b>Total</b>		<b>12,80,000</b>	<b>8,80,000</b>

Note to Accounts

Particulars	31st March, 2013 (₹)	31st March, 2012 (₹)
<b>1. Reserves and Surplus</b>		
Surplus, i.e., Balance in Statement of Profit & Loss	4,00,000	2,00,000

Additional Information:

(i) An old machinery having book value of ₹ 50,000 was sold for ₹ 60,000.

(ii) Depreciation provided on Machinery during the year was ₹ 30,000.

(AI 2014 C)

[Ans.: Cash Flow from Operating Activities = ₹ 1,70,000; Cash Used in Investing Activities = ₹ 2,20,000; Cash Flow from Financing Activities = ₹ 1,00,000.]

5. From the following Balance Sheet, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	2,50,000	2,00,000
(b) Reserves and Surplus		90,600	80,500
<b>2. Current Liabilities</b>			
(a) <i>Short-term Borrowings:</i> Bank Loan		...	70,000
(b) Trade Payables		1,35,200	1,50,000
(c) <i>Short-term Provisions:</i> Provision for Tax		35,000	30,000
<b>Total</b>		<b>5,10,800</b>	<b>5,30,500</b>

<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
(i) Property, Plant and Equipment	2	3,59,000	3,50,000
(ii) Intangible Assets: Goodwill		5,000	..
<b>2. Current Assets</b>			
(a) Inventories		74,000	1,00,000
(b) Trade Receivables		64,200	80,000
(c) Cash and Cash Equivalents		8,600	500
<b>Total</b>		<b>5,10,800</b>	<b>5,30,500</b>

#### Notes to Accounts

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Reserves and Surplus</b>		
General Reserve	60,000	50,000
Surplus, i.e., Balance in Statement of Profit & Loss	30,600	30,500
	<b>90,600</b>	<b>80,500</b>
<b>2. Property, Plant and Equipment</b>		
Land and Building	1,90,000	2,00,000
Plant and Machinery	1,69,000	1,50,000
	<b>3,59,000</b>	<b>3,50,000</b>

#### Additional Information:

- Proposed Dividend for the year ended 31st March, 2022 was ₹ 25,000 and for the year ended 31st March, 2021 was ₹ 14,000.
- Interim Dividend paid during the year was ₹ 9,000.
- Income Tax paid during the year ₹ 28,000.
- Machinery was purchased during the year ₹ 33,000.
- Depreciation to be charged on machinery ₹ 14,000 and on building ₹ 10,000.

[Ans.: Cash Flow from Operating Activities = ₹ 89,100; Cash Used in Investing Activities = ₹ 38,000; Cash Used in Financing Activities = ₹ 43,000.]

- From the following Balance Sheet and information of Volvo Ltd., prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	2,25,000	2,50,000
(b) Reserves and Surplus	2	1,27,500	50,000
<b>2. Non-Current Liabilities</b>			
<i>Long-term Borrowings: 10% Debentures</i>			
		1,00,000	50,000
<b>3. Current Liabilities</b>			
(a) Trade Payables		72,500	35,000
(b) Other Current Liabilities—Premium on Redemption of Preference Shares		2,500	5,000
<b>Total</b>		<b>5,27,500</b>	<b>3,90,000</b>



II. ASSETS			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment and Intangible Assets:			
—Property, Plant and Equipment (Machinery)		3,10,000	2,55,000
(b) Non-current Investments (10% Investments)		40,000	15,000
<b>2. Current Assets</b>			
(a) Current Investments		5,000	4,000
(b) Inventories		45,000	50,000
(c) Trade Receivables	3	92,500	45,000
(d) Cash and Cash Equivalents	4	35,000	21,000
<b>Total</b>		<b>5,27,500</b>	<b>3,90,000</b>

### Notes to Accounts

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Share Capital</b>		
Equity Share Capital	1,75,000	1,50,000
12% Preference Share Capital	50,000	1,00,000
	<b>2,25,000</b>	<b>2,50,000</b>
<b>2. Reserves and Surplus</b>		
General Reserve	10,000	15,000
Surplus, i.e., Balance in Statement of Profit & Loss	1,17,500	35,000
	<b>1,27,500</b>	<b>50,000</b>
<b>3. Trade Receivables</b>		
Sundry Debtors	1,00,000	50,000
Less: Provision for Doubtful Debts	7,500	5,000
	<b>92,500</b>	<b>45,000</b>
<b>4. Cash and Cash Equivalents</b>		
Cash in Hand	12,500	6,000
Cash at Bank	22,500	15,000
	<b>35,000</b>	<b>21,000</b>

### Additional Information:

- (i) You are informed that during the year:
- | Proposed Dividend:       | 31st March, 2022 | 31st March, 2021 |
|--------------------------|------------------|------------------|
| Equity Share Capital     | Nil              | Nil              |
| Preference Share Capital | 12%              | 12%              |
- (ii) A machine with a book value of ₹ 20,000 was sold for ₹ 12,500;  
 (iii) Depreciation charged during the year was ₹ 35,000;  
 (iv) Preference shares were redeemed on 31st March, 2021 at a premium of 5%;  
 (v) An interim dividend of ₹ 5,000 was paid on equity shares on 31st March, 2022 out of General Reserve;  
 (vi) Fresh equity shares were issued on 31st March, 2022; and  
 (vii) Additional investments were purchased on 31st March, 2022.

**[Ans.: Cash Flow from Operating Activities = ₹ 1,35,500; Cash Used in Investing Activities = ₹ 1,21,000; Cash Flow from Financing Activities = ₹ 500; Net Increase in Cash and Cash Equivalents = ₹ 15,000.]**

7. Prepare Cash Flow Statement from the following:

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2022

Particulars	Note No.	₹
I. Revenue from Operations (Net Sales)		36,00,000
II. Expenses:		
Purchases of Stock-in-Trade		28,16,000
Change in Inventories of Stock-in-Trade		(65,000)
Finance Costs		15,000
Depreciation and Amortisation Expenses		80,000
Other Expenses		5,34,000
<b>Total</b>		<b>33,80,000</b>
III. Profit before Tax (I – II)		2,20,000
IV. Less: Provision for Tax		40,000
V. Profit after Tax (III – IV)		1,80,000

BALANCE SHEET as at 31st March, 2022

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		6,00,000	5,00,000
(b) Reserves and Surplus	1	3,00,000	1,20,000
<b>2. Non-Current Liabilities</b>			
Long-term Loan		1,20,000	1,50,000
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings: Bank Overdraft		13,000	...
(b) Trade Payables (Creditors)		2,85,000	2,38,000
(c) Short-term Provisions: Provision for Tax		44,000	30,000
<b>Total</b>		<b>13,62,000</b>	<b>10,38,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
Property, Plant and Equipment and Intangible Assets:			
Property, Plant and Equipment		6,20,000	4,00,000
<b>2. Current Assets</b>			
(a) Short-term Investments (Marketable Securities)		34,000	20,000
(b) Inventories		3,28,000	2,63,000
(c) Trade Receivables		3,48,000	3,10,000
(d) Cash and Cash Equivalents	2	32,000	45,000
<b>Total</b>		<b>13,62,000</b>	<b>10,38,000</b>

Notes to Accounts

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Reserves and Surplus</b>		
Surplus, i.e., Balance in Statement of Profit & Loss	3,00,000	1,20,000
<b>2. Cash and Cash Equivalents</b>		
Cash in Hand	32,000	17,000
Cash at Bank	...	28,000
	<b>32,000</b>	<b>45,000</b>

[Ans.: Cash Flow from Operating Activities = ₹ 2,33,000; Cash Used in Investing Activities = ₹ 3,00,000; Cash Flow from Financing Activities = ₹ 68,000; Net Increase in Cash and Cash Equivalents = ₹ 1,000.]

[Hint: Cash and Cash Equivalents = Cash in Hand + Cash at Bank + Short-term Investments.]

8. Compute Cash Flow from Operating Activities from the following:

Particulars	Closing Balances (₹)	Opening Balances (₹)
Surplus, i.e., Balance in Statement of Profit & Loss	65,000	60,000
<i>Trade Receivables:</i>		
Debtors	67,000	1,02,000
Bills Receivable	1,03,000	62,000
General Reserve	2,37,000	2,02,000
Provision for Depreciation	30,000	20,000
Outstanding Expenses	12,000	30,000
Goodwill	70,000	80,000

An asset costing ₹ 40,000 having book value of ₹ 28,000 was sold for ₹ 36,000.

[Ans.: Cash Flow from Operating Activities = ₹ 40,000.]

9. From the following Balance Sheet, prepare Cash Flow Statement:

BALANCE SHEET as at...

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		2,50,000	2,00,000
(b) Reserves and Surplus (General Reserve)		70,000	50,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings (12% Debentures)		80,000	1,00,000
<b>3. Current Liabilities</b>			
(a) Trade Payables		1,60,000	60,000
(b) Other Current Liabilities		20,000	25,000
<b>Total</b>		<b>5,80,000</b>	<b>4,35,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
(i) Property, Plant and Equipment		4,10,000	3,00,000
(ii) Intangible Assets (Goodwill)		2,000	10,000
<b>2. Current Assets</b>			
(a) Inventories		90,000	70,000
(b) Trade Receivables		60,000	40,000
(c) Cash and Cash Equivalents		18,000	15,000
<b>Total</b>		<b>5,80,000</b>	<b>4,35,000</b>

[Ans.: Cash Flow from Operating Activities = ₹ 95,000; Cash Used in Investing Activities = ₹ 1,10,000;

Cash Flow from Financing Activities = ₹ 18,000;

Net Increase in Cash and Cash Equivalents = ₹ 3,000.]

10. The Balance Sheet of Virendra Paper Ltd. as at 31st March, 2022 is given below:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		7,20,000	6,00,000
(b) Reserves and Surplus:			
Surplus, i.e., Balance In Statement of Profit & Loss		4,80,000	3,75,000
<b>2. Non-Current Liabilities</b>			
<i>Long-term Borrowings:</i>			
10% Debentures		2,70,000	4,50,000
<b>3. Current Liabilities</b>			
Trade Payables		1,20,000	90,000
<b>Total</b>		<b>15,90,000</b>	<b>15,15,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
—Property, Plant and Equipment	1	7,50,000	7,20,000
<b>2. Current Assets</b>			
(a) Inventories		3,60,000	4,20,000
(b) Trade Receivables		3,00,000	2,25,000
(c) Cash and Cash Equivalents		1,80,000	1,50,000
<b>Total</b>		<b>15,90,000</b>	<b>15,15,000</b>

**Note to Accounts**

Particulars		31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Property, Plant and Equipment</b>			
Land		2,40,000	3,00,000
	<i>31st March, 2022 (₹)</i>		
	<i>31st March, 2021 (₹)</i>		
Plant and Machinery	7,50,000	6,00,000	
Less: Accumulated Depredation	2,40,000	1,80,000	
	<u>5,10,000</u>	<u>4,20,000</u>	
		5,10,000	4,20,000
		<u>7,50,000</u>	<u>7,20,000</u>

*Additional Information:*

- Interim Dividend of ₹ 75,000 has been paid during the year.
- Debenture Interest paid during the year ₹ 27,000.

You are required to prepare Cash Flow Statement.

[Ans.: Cash Flow from Operating Activities = ₹ 2,82,000; Cash Used in Investing Activities = ₹ 90,000;  
Cash Used in Financing Activities = ₹ 1,62,000; Net Increase in Cash and Cash Equivalents = ₹ 30,000.]

11. Following is the Balance Sheet of Akash Ltd. as at 31st March, 2014:

Particulars	Note No.	31st March, 2014 (₹)	31st March, 2013 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		15,00,000	14,00,000
(b) Reserves and Surplus	1	2,50,000	1,10,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings		2,00,000	1,25,000
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings	2	12,000	10,000
(b) Trade Payables		15,000	83,000
(c) Short-term Provisions	3	18,000	11,000
<b>Total</b>		<b>19,95,000</b>	<b>17,39,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
<i>Property, Plant and Equipment and Intangible Assets:</i>			
(i) Property, Plant and Equipment	4	18,60,000	16,10,000
(ii) Intangible Assets	5	50,000	30,000
<b>2. Current Assets</b>			
(a) Current Investments		8,000	5,000
(b) Inventories		37,000	59,000
(c) Trade Receivables		26,000	23,000
(d) Cash and Cash Equivalents		14,000	12,000
<b>Total</b>		<b>19,95,000</b>	<b>17,39,000</b>

**Notes to Accounts**

Particulars	31st March, 2014 (₹)	31st March, 2013 (₹)
<b>1. Reserves and Surplus</b>		
Surplus, i.e., Balance in Statement of Profit & Loss	2,50,000	1,10,000
<b>2. Short-term Borrowings</b>		
Bank Overdraft	12,000	10,000
<b>3. Short-term Provisions</b>		
Provision for Tax	18,000	11,000
<b>4. Property, Plant and Equipment</b>		
Machinery	20,00,000	17,00,000
Less: Accumulated Depreciation	(1,40,000)	(90,000)
	<b>18,60,000</b>	<b>16,10,000</b>
<b>5. Intangible Assets</b>		
Patents	50,000	30,000

*Additional information:*

- Tax paid during the year amounted to ₹ 16,000.
- Machine with a net book value of ₹ 10,000 (Accumulated Depreciation ₹ 40,000) was sold for ₹ 2,000.

Prepare Cash Flow Statement.

(CBSE Sample Paper 2016)

[Ans.: Cash Flow from Operating Activities = ₹ 1,96,000; Cash Used in Investing Activities = ₹ 3,68,000; Cash Flow from Financing Activities = ₹ 1,77,000; Net Increase in Cash and Cash Equivalents = ₹ 5,000.]

12. From the following Balance Sheet as at 31st March, 2022 and Statement of Profit & Loss for the year ended 31st March, 2022 of RSB Ltd. and additional information, prepare Cash Flow Statement:

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		7,50,000	5,00,000
(b) Reserves and Surplus	1	9,50,000	3,00,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings (5% Debentures)		7,00,000	4,00,000
<b>3. Current Liabilities</b>			
(a) Trade Payables		1,10,000	90,000
(b) Other Current Liabilities	2	39,000	25,000
(c) Short-term Provisions (Provision for Tax)		2,60,000	2,25,000
<b>Total</b>		<b>28,09,000</b>	<b>15,40,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>			
—Property, Plant and Equipment	3	6,85,000	7,45,000
(b) Non-current Investments		7,50,000	2,50,000
<b>2. Current Assets</b>			
(a) Current Investments		6,74,000	95,000
(b) Inventories		1,00,000	2,00,000
(c) Trade Receivables		4,00,000	1,50,000
(d) Cash and Cash Equivalents		2,00,000	1,00,000
<b>Total</b>		<b>28,09,000</b>	<b>15,40,000</b>

**STATEMENT OF PROFIT & LOSS**  
for the year ended 31st March, 2022

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
I. Revenue from Operations	4	40,00,000	35,00,000
II. Other Income	5	35,000	30,000
III. Total Revenue (I + II)		<b>40,35,000</b>	<b>35,30,000</b>
IV. Expenses:			
Purchases of Stock-in-Trade		27,00,000	24,70,000
Change in Inventories of Stock-in-Trade	6	1,00,000	50,000
Finance Cost		27,500	20,000
Depredation		40,000	45,000
Other Expenses		22,500	20,000
Total Expenses		<b>28,90,000</b>	<b>26,05,000</b>
V. Profit before Tax (III – IV)		<b>11,45,000</b>	<b>9,25,000</b>
VI. Less: Tax		3,45,000	2,25,000
VII. Profit after Tax (V – VI)		<b>8,00,000</b>	<b>7,00,000</b>

## Notes to Accounts

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Reserves and Surplus</b>		
Debentures Redemption Reserve	1,00,000	1,00,000
Surplus, i.e., Balance in Statement of Profit & Loss	8,50,000	2,00,000
	9,50,000	3,00,000
<b>2. Other Current Liabilities</b>		
Interest on Debentures	35,000	20,000
Outstanding Expenses	4,000	5,000
	39,000	25,000
<b>3. Property, Plant and Equipment</b>		
Machinery (Cost)	8,90,000	9,90,000
Less: Accumulated Depreciation	2,05,000	2,45,000
	6,85,000	7,45,000
<b>4. Revenue from Operations</b>		
Sales	42,00,000	35,75,000
Less: Sales Return	2,00,000	75,000
	40,00,000	35,00,000
<b>5. Other Income</b>		
Interest on Deposits	15,000	12,500
Dividend on Investments	10,000	17,500
Gain (Profit) on Sale of Fixed Assets	10,000	..
	35,000	30,000
<b>6. Change in Inventories of Stock-in-Trade</b>		
Opening Stock	2,00,000	2,50,000
Less: Closing Stock	1,00,000	2,00,000
	1,00,000	50,000

### Additional Information:

- (i) Additional debentures were issued on 1st October, 2021 of ₹ 5,00,000. On the same date, part of outstanding debentures were redeemed and interest was paid, whereas interest on outstanding debentures was paid on 10th April, 2022.
- (ii) Board of Directors proposed dividend in both the years @ 10%.
- (iii) Interim Dividend of ₹ 1,00,000 was paid during the year.
- (iv) A machinery with original cost of ₹ 1,00,000 on which depreciation till date was provided of ₹ 80,000 was sold at a profit of ₹ 10,000.

[Ans.: Cash Flow from Operating Activities = ₹ 7,36,500; Cash Used in Investing Activities = ₹ 4,45,000; Cash Flow from Financing Activities = ₹ 3,87,500; Net Increase in Cash and Cash Equivalents = ₹ 6,79,000.]

13. From the following information, calculate Net Profit before Tax and Extraordinary Items:	₹
Opening Surplus, i.e., Balance in Statement of Profit & Loss	(2,00,000)
Closing Surplus, i.e., Balance in Statement of Profit & Loss	6,72,000
Dividend paid in current year (Last year's proposed dividend)	1,44,000
Interim Dividend paid during the year	1,80,000
Transfer to Reserve	2,00,000
Provision for Tax for the current year	3,00,000
Refund of Tax	6,000
Loss due to Earthquake	4,00,000
Insurance proceeds from earthquake disaster settlement	2,00,000

[Ans.: Net Profit Tax and Extraordinary Items = ₹ 18,90,000.]

[Hint: Net Profit for the year = ₹ 6,72,000 + ₹ 2,00,000 (Loss) = ₹ 8,72,000.]

14. From the following Balance Sheet of SRS Ltd. and the additional information as on 31st March, 2022, prepare a Cash Flow Statement:

**SRS Ltd.**  
BALANCE SHEET  
as on 31st March, 2022

Particulars	Note No.	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		4,50,000	3,50,000
(b) Reserves and Surplus	1	1,25,000	50,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings	2	2,25,000	1,75,000
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings	3	75,000	37,500
(b) Short-term Provisions	4	1,00,000	62,500
<b>Total</b>		<b>9,75,000</b>	<b>6,75,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) <i>Property, Plant and Equipment and Intangible Assets:</i>			
(i) Property, Plant and Equipment	5	7,32,500	4,52,500
(ii) Intangible	6	50,000	75,000
(b) Non-current Investments		75,000	50,000
<b>2. Current Assets</b>			
(a) Current Investments		20,000	35,000
(b) Inventories	7	61,000	36,000
(c) Cash and Cash Equivalents		36,500	26,500
<b>Total</b>		<b>9,75,000</b>	<b>6,75,000</b>



**Notes to Accounts**

Particulars	31st March, 2022 (₹)	31st March, 2021 (₹)
<b>1. Reserves and Surplus</b>		
Surplus, i.e., Balance in Statement of Profit & Loss	1,25,000	50,000
<b>2. Long-term Borrowings</b>		
12% Debentures	2,25,000	1,75,000
<b>3. Short-term Borrowings</b>		
Bank Overdraft	75,000	37,500
<b>4. Short-term Provisions</b>		
Provision for Tax	1,00,000	62,500
<b>5. Property, Plant and Equipment</b>		
Machinery	8,37,500	5,22,500
Accumulated Depreciation	(1,05,000)	(70,000)
	7,32,500	4,52,500
<b>6. Intangible Assets</b>		
Goodwill	50,000	75,000
<b>7. Inventories</b>		
Stock-in-Trade	61,000	36,000

*Additional information:*

- (i) ₹ 50,000, 12% Debentures were issued on 31st March, 2022.
- (ii) During the year, a piece of machinery costing ₹ 40,000, on which accumulated depreciation was ₹ 20,000, was sold at a loss of ₹ 5,000. (AI 2017, Modified)

[Ans.: Cash Flow from Operating Activities = ₹ 1,93,500; Cash Used in Investing Activities = ₹ 3,65,000;  
Cash Flow from Financing Activities = ₹ 1,66,500; Net Decrease in  
Cash and Cash Equivalents = ₹ 5,000.]