Cash Flow Statement BBS 1st year 15 Marks

1. Cash flow from Operating Activities
2. Cash flow from Investing Activities
3. Cash flow from financing Activities

CFFOA
a) cash sales & collection from debtor
b) cash purchased paid to creditor
c) cash paid for employee & other operating expenses
d) Interest paid
e) Tax paid
f) cash paid for extra ordinary item

Particular	Amount	Amount
1. Cash flow from operating Activities:		
a) Cash sales and collection from Debtors:		
– sales and sales revenue (Income statement)	xxx	
– Inc. / Dec. in Debtor, Account receivable (A)	(xxx) / xxx	
– Discount Allowed	(xxx)	
– Bad debt recovered	xxx	
– Inc./Dec. in provision for bad debt	xx / (xxx)	xxx
b) cash purchase and paid to creditors:		
– cost of Goods sold [o/s + P – c/s]	(xxx)	
– Inc. / Dec in creditor or A/c payable (L)	xxx / (xxx)	
– Inc./Dec in inventories / stock (A)	(xxx) / xxx	
– Discount received	xxx	xxx
c) Cash paid for employee and other operating Expenses:		
– operating Expenses (If including भए –)	(xxx)	
– Inc./Dec. in prepaid expenses (A)	(xxx) / xxx	
– Inc./Dec. in outstanding or due expenses (L)	xxx / (xxx)	xxx
d) Interest paid / Tax paid:		
– Interest paid / Interest received	(xxx) / xxx	
– Tax paid	(xxx)	
– Dividend received	xxx	xxx
e) cash paid for Extra ordinary items:		
– Short term investment	xxx	xxx
∴ Net cash flow from operating Activities		xxx

② **Cash flow from Investing Activities:**		
→ Purchase of fixed Asset WIN	(xxx)	
→ Sales of fixed Assets	xxx	
→ Inc. / Dec. in investment	(xxx) / xxx	
∴ Net cash flow from Investing Activities		xxx
③ **Cash flow from financing Activities:**		
→ Issue of share capital + premium (L)	xxx	
→ Redemption of Debenture (L)	(xxx)	
→ Dividend paid [O/S − C/S + NI]	(xxx)	
∴ Net cash flow from financing Activities		xxx
∴ Net change in cash flow (1 ± 2 ± 3)		xxx
Add: opening cash and Bank balance		xxx
∴ Closing cash Balance		xxx

Fixed Asset

→ land, Building

→ Plant and machinery

→ Furniture, Equipment

→ Tools, vehicle

Idea

कुनै वर्ष हेरेर Inc. | Dec. थाहा पाउने।

2022 | 2023
15,000 | 10,000

Inc. → 5,000
Dec → 5,000

Asset side

Inc ↑ → (-)
Dec. ↓ → (+)

Liabilities side

Inc ↑ → (+)
Dec. ↓ → (-)

All Expenses → (-)

i.e. 2018 plant → 5,00,000 ; 2019 6,00,000

For working Note:

Fixed Asset Account

Dr | | | Cr

Particulars	Amt	Particulars	Amt
To, opening balance b/d less: Accumulated depn	xxx (xxx)	By, Depreciation	xxx
		By, sales on loss	xxx
To, sales on profit	xxx	By, sales [Sales = BVPS + profit − loss]	xxx
To, purchase of fixed Asset (balancing figure)	xxx		
		By, closing balance b/d less: Accumulated depn	xxx (xxx)
Total	xxx	Total	xxx

Sales = BVPS + profit − loss

↓

BVPS = cost − Depreciation

P/L | 2018 | 2019
| 5000 | 6000

Dividend paid दिएको देखे भने → Profit and loss P/L account अथवा Retained Earning use गर्नु पर्ने।

⇒ [Dividend paid = opening P/L − closing P/L + Net income]

A↑ → -   L↑ → +   सबै खर्च (-)
A↓ → +   L↓ → -

1. **2078 Q.No. 11** The balance sheet of a company for two-years are given below:

Liabilities	Year 1	Year 2	Assets	Year 1	Year 2
Equity share capital	800,000	900,000	Fixed assets	600,000	800,000
Share premium	80,000	90,000	Inventory	200,000	250,000
12% Debentures	100,000	50,000	Accounts receivable	200,000	160,000
Provision for tax	20,000	30,000	Prepaid expenses	20,000	10,000
Provision for dividend	10,000	20,000	Cash	80,000	70,000
Accounts payable	60,000	90,000			
Profit and loss a/c ~~Retained Earning~~	30,000	110,000			
	1,100,000	1,290,000		1,100,000	1,290,000

Income Statement for the Year 2

Particulars	Rs.	Rs.
Sales revenue		900,000
Less: Cost of goods sold		600,000
Gross profit		300,000
Less: Operating expenses:	x?	
Administrative expenses	120,000	
Depreciation	90,000	
Interest paid	10,000	
Premium on redemption of debentures	5,000	
Total operating expenses		225,000
Net income before other income		75,000
Add: Gain on sale of fixed assets costing Rs. 35,000		5,000
Net income		80,000

Required: Cash flow statement showing operating, investing and financing activities. [4+2+2+2]

Ans: CFOA Rs. 220,000; CFIA Rs. (285,000); CFFA Rs. 55,000

... Ltd. have been given below:

Calⁿ of cash flow statement under Direct method

Particular	Detail Amt	Total Amt.
① **cash flow from operating Activities:**		
a) cash sales and collection from Debtors:		
→ sales Revenue (IS)	9,00,000	
→ Decrease in Account receivable (A)	40,000	9,40,000
b) cash purchase and paid to creditors:		
→ cost of Goods sold [IS]	(6,00,000)	
→ Increase in account payable (L)	30,000	
→ Increase in inventories (A)	(50,000)	(6,20,000)
c) Cash paid for employee and other operating Expenses:		
→ Administrative Expenses	(1,20,000)	
→ Decrease in prepaid Expenses (A)	10,000	(1,10,000)

d) Interest paid:		
→ Interest paid	(10,000)	(10,000)
e) Tax paid:		
→ Increase in provision for tax	10,000	10,000
∴ Net cash flow from Operating Activities		2,10,000
② Cash flow from Investing Activities:		
→ sales of Fixed Asset [35,000+5,000]	40,000	
→ Purchase of Fixed Asset [working Note]	(3,25,000)	
∴ Net cash flow from Investing Activities		(2,85,000)
③ Cash flow from financing Activities:		
→ Issue of equity share capital + share premium [100000+10000]	110,000	
→ Redemption of Debenture [50,000 + 5000 Premium]	(55,000)	
→ Increase in provision for Dividend	10,000	
∴ Net cash flow from financing Activities		65,000
∴ Net change in cash flow (1-2+3)		(10,000)
Add: Opening cash Balance		80,000
∴ Closing Cash Balance		70,000

Working Note:

Fixed Asset Account

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Particular	Amt	Particular	Amt
To, opening balance b/d	6,00,000	By, Depreciation	90,000
To, Profit on sales	5,000	By, sales [35,000 + 5000] [Sales = BVPS + profit - loss]	40,000
To, purchase of fixed Asset (balancing figure)	$\boxed{3,25,000}$	By, closing balance b/d	8,00,000
total	9,30,000	total	9,30,000

2. The Balance Sheets and Income Statem...

Balance Sheet

Liabilities	Year I	Year II	Assets	Year I	Year II
Equity share capital	80,000	100,000	Land and building at cost	30,000	34,000
Share premium	8,000	10,000	Plant and machinery at cost	50,000	70,000
Bank loan	-	20,000	Inventories	30,000	40,000
Accounts payable	15,000	10,000	Accounts receivable	20,000	15,000
Outstanding wages	5,000	6,000	Provision for doubtful debts	(4,000)	(3,000)
Provision for taxation	8,000	10,000	Cash at bank	4,000	24,000
Profit and loss	14,000	24,000			
	130,000	180,000		130,000	180,000

Income Statement

Particulars	Rs.	Rs.
Sales		100,000
Less: Cost of goods sold		
Purchase	50,000	
Add: Beginning inventory	30,000	
Less: Ending inventory	(40,000)	
	40,000	
Wages	12,000	
Total cost of goods sold		52,000
Gross margin		48,000
Less: Operating expenses	10,000	
Interest on bank loan	2,000	
Depreciation on machinery	4,000	
Provision for taxation	8,000	
Loss sales of machine (Book value Rs. 6,000)	4,000	
Total operating expenses		28,000
Net income		20,000

Required: Statement of cash flow.

Ans: (a) CFOA Rs. 20,000; (b) CFIA (Rs. 32,000); (c) CFFA Rs. 32,000

A↑ → -
A↓ → +
L↑ → +
L↓ → -

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Calⁿ of cash flow statement under Direct method

Particular	Detail Amt	Total Amt.
① cash flow from Operating Activities:		
a) cash sales and collection from Debtors:		
→ Sales Revenue (IS)	1,00,000	
→ Decrease in Account receivable (A)	5,000	104,000
→ Dec in Provision for doubtful Debt (A)	(1000)	
b) cash purchase and paid to creditors:		
→ cost of Goods sold (AD)	(40,000)	
→ Dec. in Account payable (L)	(5,000)	(55,000)
→ Inc. in inventories (A)	(10,000)	
c) Cash paid for employee and other operating Expenses:		
→ operating Expenses	(10,000)	
→ wages paid	(12,000)	(21,000)
→ Increase in outstanding wages	1000	
d) Interest paid:		
→ Interest on bank loan	(2,000)	(2000)

e) Tax paid: → Increase in provision for tax (8000 - 10,000 + 8000)	(6,000)	(6,000)
∴ Net cash flow from Operating Activities		20,000
② Cash flow from Investing Activities: → sales of machinery [6000 - 4000] → Purchase of machinery [working Note] → Inc. in land & Building	 2,000 (30,000) (4000)	
∴ Net cash flow from Investing Activities		(32,000)
③ Cash flow from financing Activities: → Issue of equity share capital + share premium → Increase in Bank loan → Dividend paid (14000 - 24000 + 20,000)	 22,000 20,000 (10,000)	
∴ Net cash flow from financing Activities		32,000
∴ Net change in cash flow (1 - 2 + 3) Add: Opening cash Balance		20,000 4,000
∴ Closing Cash Balance		24,000

Working Note:

Plant and machinery

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Particular	Amt	Particular	Amt
To, opening balance b/d	50,000	By, Depreciation	4000
		By, loss on sale	4000
		By, sale [Sales = BVPS + profit - loss]	2000
To, purchase of machinery - (balancing figure)	30,000		
		By, closing balance b/d	70,000
Total	80,000	Total	80,000

Ans: (a) CFOA Rs. 20,000; (b) CFIA (Rs. 32,000); (c) CFFA Rs. 32,000

3. Following are the financial statement of a company:

Liabilities	Last year	Current year	Assets	Last year	Current year
Share capital	150,000	300,000	Land & Building	120,000	180,000
Share premium	15,000	30,000	Plant at cost	105,000	180,000
6% Debenture	75,000	30,000	Investment	60,000	75,000
Sundry creditors	60,000	90,000	Sundry debtors	45,000	60,000
Retained earnings	30,000	75,000	Inventories	30,000	75,000
Prov. for dividend	15,000	30,000	Cash at bank	15,000	30,000
Prov. for tax	30,000	45,000			
	375,000	600,000		375,000	600,000

Income Statement for the current year

Sales			300,000
Less:	Cost of goods sold:		
	Opening inventory	30,000	
	Purchases	120,000	
Less:	Closing inventory	(75,000)	
		75,000	
	Wages	45,000	120,000
	Gross income		180,000
Less:	Operating expenses:	45,000	
	Office expenses	30,000	
	Depreciation	4,500	
	Debenture premium	7,500	
	Interest on debenture	45,000	
	Provision for tax	30,000	162,000
	Provision for dividend		18,000
			12,000
Add:	Gain on sale of plant (Cost Rs.30,000 – Accumulated depreciation Rs.15,000)		15,000
	Interest on investment		
	Net income		45,000

Required: Cash flow statement (apply direct method) showing cash from (a) operating activities (b) Investing activities (c) Financing activities.

Ans: (a) Rs. 82,500; (b) (Rs.168,000); (c) Rs. 100,500

Cal^n of cash flow statement under Direct method

Particular	Detail Amt	Total Amt.
① cash flow from operating Activities:		
a) cash sales and collection from Debtors:		
→ sales Revenue (IS)	3,00,000	
→ Increase in Sundry Debtor (A)	(15,000)	2,85,000
b) cash purchase and paid to creditors:		
→ cost of Goods sold (AD)	(75,000)	
→ Increase in Sundry creditors (L)	30,000	
→ Inc. in inventories (A)	(45,000)	(90,000)
c) Cash paid for employee and other operating Expenses:		
→ office Expenses	(45,000)	
→ wages paid	(45,000)	(90,000)
d) Interest paid:		
- Interest on Debenture	(7,500)	(7,500)

d) Cash paid for extra ordinary item: → Interest on investment (received)	15,000	15,000
e) Tax paid: → Increase in provision for tax (30000 − 45,000 + 45,000)	(30,000)	(30,000)
∴ Net cash flow from Operating Activities		82,500
② Cash flow from Investing Activities:		
→ Sales of plant [30,000 − 15,000 + 12,000]	27,000	
→ Purchase of plant (working note)	(120,000)	
→ Purchase of land and building	(60,000)	
→ Purchase of investment	(15,000)	
∴ Net cash flow from Investing Activities		(1,68,000)
③ Cash flow from financing Activities:		
→ Issue of equity share capital + share premium	1,65,000	
→ Redemption of debenture (45,000 + 4500)	(49,500)	
→ Dividend paid [15,000 − 30,000 + 30,000]	(15,000)	
∴ Net cash flow from financing Activities		100,500
∴ Net change in cash flow (1 − 2 + 3)		15,000
Add: Opening cash Balance		15,000
∴ Closing Cash Balance		30,000

Working Note:

Plant account

Dr | | | Cr

Particulars	Amt	Particulars	Amt
To, opening balance b/d	1,05,000	By, Depreciation	30,000
To, Gain on sales of plant	12,000	By, sales [Sales = BVPS + Profit - loss]	27,000
To, purchase of plant (balancing figure)	120,000	By, closing balance b/d	180,000
Total	2,37,000	Total	2,37,000

11. 2080 Q.No. 18 The balance sheet of a company for two years are given below:

Liabilities	Year I	Year II
Equity share capital	900,000	1,000,000
Share premium	90,000	100,000
10% debentures	100,000	50,000
Provision for tax	20,000	30,000
Provision for dividend	10,000	20,000
Accounts payable	60,000	110,000
Profit and loss a/c	30,000	160,000
	1,210,000	1,470,000
Assets	**Year I**	**Year II**
Fixed assets	800,000	1,000,000
Inventory	100,000	150,000
Accounts receivable	190,000	150,000
Prepaid expenses	20,000	30,000
Cash	100,000	140,000
	1,210,000	1,470,000

1L + 10

A↑ → −

A↓ → +

L↑ → +

L↓ → −

Income Statement for the Year 2

Sales revenue		Rs. 1,100,000
Less: Cost of goods sold		710,000
Gross profit		390,000
Less: Operating expenses:		
Administrative expenses	157,000	
Depreciation	50,000	
Provision for tax	30,000	
Provision for dividend	20,000	
Interest paid	10,000	
Premium on redemption of debentures	5,000	
Total operating expenses		272,000
Net income		118,000
Add: Gain on sale of fixed assets		12,000
Retained earnings		130,000

Required: Cash flow statement. [6+3+3+3=15]

Ans: CFOA Rs. 233,000; CFFA Rs. (238,000); CFIA Rs. 45,000

Cal^n of cash flow statement under Direct method

Particular	Detail Amt	Total Amt.
① Cash flow from Operating Activities:		
a) cash sales and collection from Debtors:		
→ sales revenue	11,00,000	11,40,000
→ Dec. in A/C receivable	40,000	
b) cash purchase and paid to creditor:		
→ cost of Goods sold	(7,10,000)	
→ Increase in account payable	50,000	(7,10,000)
→ Inc. in inventory	(50,000)	
c) cash paid for employee & other operating Expenses		
→ Administrative expenses	(1,57,000)	(1,67,000)
→ Inc. in prepaid expenses	(10,000)	
d) Interest paid / Tax paid:		
→ Interest paid	(10,000)	(30,000)
→ provision for tax (20,000 - 30,000 + 30,000)	(20,000)	
∴ Net cash flow from Operating Activities		2,33,000
② Cash flow from Investing Activities:		
→ Purchase of fixed Asset	(2,38,000)	
∴ Net cash flow from Investing Activities		(2,38,000)
③ Cash flow from financing Activities:		
→ Issue of equity share capital + share premium	1,10,000	
→ Redemption of debenture (50,000 + 5000)	(55,000)	
→ Dividend paid [10,000 - 20,000 + 20,000]	(10,000)	

∴ Net cash flow from financing Activities			45,000
∴ Net change in cash flow (1 - 2 + 3)			40,000
Add: Opening cash Balance			1,00,000
∴ Closing Cash Balance			1,40,000

Working Note:

Fixed Assets

Dr | Cr

Particulars	Amt	Particulars	Amt
To, opening balance b/d	8,00,000	By, Depreciation	50,000
To, Gain on sales of F/A	12,000	By, sales [Sales = BVPS + profit - loss]	0
To, purchase of fixed Asset (balancing figure)	2,38,000	By, closing balance b/d	10,00,000
Total	10,37,000	Total	10,50,000

12. **2079 Q.No. 18** An unadjusted trial balance of a company is given below:

Particulars	Debit (Rs.)	Credit (Rs.)
Cash	200,000	
Bank	250,000	
Discount allowed	6,000	
Machinery	200,000	
Purchases	200,000	
Debtors	80,000	
Promotional expenses	20,000	
Salary	60,000	
Prepaid rent	39,000	
Share capital		500,000
Creditors		45,000
Commission received		10,000
Revenue/ sales		500,000
	1,055,000	**1,055,000**

Adjustment:

i. Closing stock Rs. 30,000
ii. Prepaid rent expired was Rs. 39,000
iii. Depreciation on machinery at 15% per annum.

Required:

a. Adjusted trial balance. [2]
b. Statement of profit or loss a/c as per NFRS. [4]
c. Statement of financial position as per NFRS. [4]
d. Statement of cash flow statement as per NFRS. [5]

Ans: (a) Adj. T/B total Rs. 1,055,000 (b) NI Rs. 185,000 (c) Rs. 730,000 (d) CFOA Rs. 150,000; CFIA Rs. 200,000; CFFA Rs. 500,000

@ Cal of Adjusted Trial Balance

Particular	Unadjusted Trial Balance		Adjustment		Adjusted Trial Balance	
	Dr +	Cr −	Dr +	Cr −	Dr	Cr
- Cash	2,00,000				2,00,000	
- Bank	2,50,000				2,50,000	
- Discount	6,000				6,000	
- Machinery	2,00,000.			30,000	1,70,000	
- Purchase	2,00,000				2,00,000	
- Debtors	80,000				80,000	
- Promotional Expenses	20,000				20,000	
- Salary	60,000				60,000	
- Prepaid rent.	39,000			39,000	0	
- Share capital		5,00,000				5,00,000
- Creditors		45,000				45,000
- Commission received		10,000				10,000
- Revenue/ sales		5,00,000				5,00,000
Adjustments:						
(i) Closing stock			30,000	30,000	30,000	30,000
(ii) Prepaid rent expired			39,000		39,000	
(iii) Depreciation on machinery as 15%.	−	−	30,000		30,000	
Total	10,55,000	10,55,000	99,000	99,000	1085,000	10,85,000

cost of goods sold = purchase - closing stock

(b) Calⁿ of profit & loss account as NFRS

Particular	Note	Amount
→ Revenue from operation	1.1	5,00,000
→ cost of sales (-)	1.2	(170,000)
Gross profit		3,30,000
→ office and Administrative expⁿ (-)	1.3	(129,000)
→ Selling & Distribution expenses (-)	1.4	(26,000)
→ other Expenses (-)	1.5	0
→ other income (+)	1.6	10,000
Net income		1,85,000

Working Note:

1.1 Revenue from operation:

→ sales 5,00,000

1.2 cost of sales: [OIS+P-CIS]

→ purchase 2,00,000

less: closing stock (30,000)

170,000

1.3 office Expenses

→ salary 60,000

→ Prepaid rent expired 39,000

→ Depreciation on machinery 30,000

129,000

1.4 selling Expenses

→ Discount 6,000

→ promotional expⁿ 20,000

26,000

1.5 other income

→ commission received 10,000

(c) calⁿ of financial position of a Company as per NFRS

Particular	Note	Amount
Assets:		
(1) plant, property and Equipment	2.1	1,70,000
(2) Current Asset	2.2	5,60,000
Total Assets		7,30,000
Liabilities		
(1) Equity share	2.3	6,85,000
(2) current liabilities	2.4	45,000
Total liabilities		7,30,000

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2.3 equity share

→ Share capital	5,00,000
Add: Net income	185,000
	6,85,000

Working Note:

2.1 PPE

→ Machinery	2,00,000
less: Depreciation	30,000
	170,000

2.2 Current Asset

→ Cash	2,00,000
→ Bank	2,50,000
→ Debtors	80,000
→ closing stock	30,000
	5,60,000

2.4 Current liabilities

→ Creditors	
	45,000

d) cal^n of cash flow statement As per NFRS

Particular	Note	Amount
① cash flow from operating Activities:		
a) cash sales and collection from Debtor:	1.1	4,14,000
b) cash purchase and paid to creditor:	1.2	(155,000)
c) cash paid for employee & other operating Expn:	1.3	(79,000)
d) Interest paid / Tax paid		0
e) commission received		10,000
∴ Net cash flow from Operating Activities		190,000
② cash flow from Investing Activities:		2,00,000
→ machinery		
		5,00,000
③		

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1.1 CS&CFD

→ sales revenue	5,00,000
→ Inc. in Debtor	(80,000)
→ Discount Allowed	(6,000)
	4,14,000

1.2 CP&PC

→ Purchase	(2,00,000)
→ Inc. creditor	45,000
	(1,55,000)

1.3 CPTEOE

→ Promotion expn:	(20,000)
→ Salary	(60,000)
→ Inc. prepaid rent	(39,000)
	(79,000)