

Systematic Studies for Professionals
(Where your quest for quality education ends)

IPCC
Cash Flow Statement

CA. Gautam Sethi
Max.Marks:30

Time 60 min.

Q.1 The balance sheets of AB Ltd. as on 31st December 2015 and 2016 are as under:

Liabilities	31.12.15	31.12.16	Assets	31.12.15	31.12.16
Equity Share Capital:	1,20,000	2,20,000	Fixed Assets:		
8% Redeemable Pref. share cap.	1,50,000	1,00,000	Goodwill	60,000	47,000
Reserve & Surplus:			Land & Building	1,00,000	75,000
Securities Premium	15,000	20,000	Plant & Machinery	90,000	1,91,000
General Reserve	22,000	40,000	Trade Investments	10,000	35,000
Capital Reserve	--	25,000	Current Assets:		
Profit & Loss Account	---	27,000	Loans & Advances:		
<i>Current Liabilities & Prov.:</i>			Stock	85,000	78,000
Sundry Creditors	41,000	53,000	Sundry Debtors	60,000	90,000
Provision for taxation	28,000	32,000	Bills Receivables	15,000	18,000
Bills Payable	36,000	12,000	Cash at Bank	10,000	22,000
Proposed dividend	27,000	33,000	Cash in hand	7,000	6,000
	<u>4,39,000</u>	<u>5,62,000</u>	P & L a/c	2,000	--
				<u>4,39,000</u>	<u>5,62,000</u>

The following further particulars are given:

- In 2016, Rs.25,000 depreciation has been written off on plant and machinery and Rs.10,000 depreciation has been charged on land and building.
- A piece of land has been sold out and the balance has been revalued, profit on such sale and revaluation being transferred to Capital Reserve.
- A plant was sold for Rs.12,000 (W.D.V. – Rs.15,000)
- Dividend received amounted to Rs.2,400 which included pre-acquisition dividend of Rs.600.
- An interim dividend of Rs.10,000 has been paid in 2016.
- Preference share capital redeemed on 1.1.16 at a premium of 10%.
- Equity share capital issued at a premium of 10%.
- Income tax provided during the year was Rs.35,000

You are required to prepare Cash Flow Statement.

[15]

Q.2 The balance sheets of SSP Ltd. on 31/3/15 and 31/3/16

	31/3/15	31/3/16		31/3/15	31/3/16
Equity shares	15,00,000	23,00,000	F. Assets		
12% pref. sh. Cap.	5,00,000	3,00,000	Cost	25,00,000	38,00,000
R & S			(-) Prov. for dep.	<u>7,40,000</u>	<u>8,90,000</u>
P & L a/c	2,50,000	4,10,000	Net Block	17,60,000	29,10,000
Sec. premium	1,50,000	1,66,000	Investment	5,30,000	6,70,000
General Reserve	1,80,000	2,50,000	C. Assets		
10 % Debentures	5,00,000	8,00,000	Stock	3,50,000	4,00,000
Creditors	1,70,000	3,04,000	Debtors	4,80,000	4,10,000
Prop Dividend	1,00,000	1,40,000	Cash & Bank	2,30,000	2,80,000
	<u>33,50,000</u>	<u>46,70,000</u>		<u>33,50,000</u>	<u>46,70,000</u>

- Pref. shares redeemed on 31/3/16 at 10% premium.
- Rs.5,00,000 eq. shares issued to brothers against acquisition of fixed assets of Rs.2,50,000, stock Rs.2,20,000 and creditors of Rs.40,000.
- Balance Eq. shares issued at premium of 12%.
- Investment of Rs.80,000 w/o through General Reserve.
- Machine costing of Rs.3,00,000 with book value of Rs.1,70,000 sold for Rs.1,30,000.
- Dividend of Rs.80,000 declared for 14 - 15 and discharged simultaneously with CDT @ 17%.
- Income Tax paid during the year of Rs.1,20,000.

Prepare Cash Flow Statement

[15]