

**BCM SCHOOL, BASANT AVENUE, DUGRI, LUDHIANA**

**XII ACCOUNTANCY (055)**

**CHAPTER: CASH FLOW STATEMENT**

Max. Marks-20

<b>S.NO.</b>	<b>QUESTION</b>	<b>MARKS</b>
<b>Q1</b>	MCQ	
<b>1</b>	While computing cash from operating activities, which of the following items will be added to the net profit? (i) Decrease in value of inventory (ii) Increase in share capital (iii) Increase in the value of trade receivables (iv) Increase in the amount of outstanding expenses A. Only (i) B. Only (i) and (ii) C. Only (i) and (iii) D. Only (i) and (iv)	1
<b>2</b>	Which of the following statements is correct? A. Investments in shares are excluded from cash equivalents unless they are in, substance, cash equivalents. B. Short-term marketable securities which can be readily converted into cash are not treated as cash equivalents C. In case of a financial enterprise, interest received, and dividend received are classified as investing activities while dividend paid and interest paid on debentures are operating activities. D. Provision for tax made during the year should be classified as an outflow from operating activity.	1
<b>3</b>	Insurance Claim received by Albert Co. Ltd. of ₹ 5,00,000 for Loss of Machinery due to theft will be recorded in Cash Flow Statement in which of the following manner? a) Added under Operating Activities as Extraordinary Item and Subtracted from Operating Activities also. b) Subtracted under Operating Activities as Extraordinary Item and Added to Operating Activities also. c) Added under Operating Activities as Extraordinary Item and Outflow under Investing Activity also. d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.	1

4	<p>A company issued 20,000; 9% Debentures of ₹ 100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹ 3,70,000. How this transaction will be reflected in Cash Flow Statement?</p> <p>a) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities.</p> <p>b) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of</p>	1						
	<p>Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.</p> <p>c) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.</p> <p>d) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities.</p>							
5	<p>M/s Mevo and Sons, a bamboo pens producing company, purchased a machinery for ₹ 9,00,000. It received dividend of ₹ 70,000 on investment in shares. The company also sold an old machine of the book value of ₹79,000 at a loss of ₹ 10,000. Compute Cash flow from Investing Activities.</p>	1						
6	<p>Statement I:- Sale of Marketable Securities will result in no flow of Cash.</p> <p>Statement II:- Debentures issued as collateral security will result in an inflow of cash.</p> <p>A. Both Statements are correct.</p> <p>B. Both Statements are incorrect.</p> <p>C. Statement I is correct and Statement II is incorrect.</p> <p>D. Statement I is incorrect and Statement II is correct.</p>	1						
7	<p>What will be the effect of issue of Bonus shares on Cash Flow Statement?</p> <p>A. No effect</p> <p>B. Inflow in Financing Activity</p> <p>C. Inflow in Operating activity</p> <p>D. Inflow in Investing Activity</p>	1						
8	<p>While preparing Cash Flow Statement, match the following activities</p> <table><tr><td>I. Payment of cash to acquire Debenture by an Investing Company</td><td>a Financing activity</td></tr><tr><td>II. Purchase of Goodwill</td><td>b. Investing Activity</td></tr><tr><td>III. Dividend paid by manufacturing company</td><td>c. Operating activity</td></tr></table>	I. Payment of cash to acquire Debenture by an Investing Company	a Financing activity	II. Purchase of Goodwill	b. Investing Activity	III. Dividend paid by manufacturing company	c. Operating activity	1
I. Payment of cash to acquire Debenture by an Investing Company	a Financing activity							
II. Purchase of Goodwill	b. Investing Activity							
III. Dividend paid by manufacturing company	c. Operating activity							
Q2	<p>From the following information calculate the Cash from Investing Activities</p> <p>Additional Information:-</p> <p>(i) Machinery costing ₹ 50,000 (Book Value ₹ 40,000) was lost by fire and insurance claim of ₹ 32,000 was received.</p> <p>(ii) Depreciation charged during the year was ₹ 3,50,000.</p> <p>(iii) A part of Machinery costing ₹ 2,50,000 was sold at a loss of ₹ 20,000.</p>	3						

<b>Q3</b>	From the following information, calculate Cash Flow from Operating Activities: Net Profit before Tax and Extraordinary Items: ₹2,00,000 Depreciation: ₹30,000 Increase in Current Assets: ₹20,000 Decrease in Current Liabilities: ₹10,000			3
	Income Tax Paid: ₹40,000			
<b>Q4</b>	Prepare a Cash Flow Statement from the following Balance Sheets of Arya Ltd.:			6
	Particulars	Note No.	31.3.2023(₹)	31.3.2022(₹)
	I. Equity and Liabilities:			
	(1) Shareholders Funds:			
	a) Share Capital		10,00,000	8,00,000
	b) Reserves and Surplus		6,40,000	5,40,000
	(2) Non-Current Liabilities:			
	Long-term Borrowings		1,50,000	1,00,000
	(3) Current Liabilities:			
	a) Trade Payables		30,000	12,000
	b) Short-term Provisions		30,000	28,000
	<b>TOTAL</b>		<b>18,50,000</b>	<b>14,80,000</b>
	II. Assets:			
	(1) Non-Current Assets:			
	a) Property, Plant and equipment and intangible assets:			
	Property, Plant and Equipment		7,75,000	4,90,000
	b) Non-current Investments		90,000	50,000
	(2) Current Assets			
	a) Inventory		6,20,000	4,13,000
	b) Trade receivables		3,20,000	4,94,000
	c) Cash & Cash Equivalents		45,000	33,000
	<b>TOTAL</b>		<b>18,50,000</b>	<b>14,80,000</b>

Particulars	31.3.2023	31.3.2024
Machinery (Cost)	20,00,000	28,00,000
Accumulated Depreciation	4,00,000	6,50,000

