

**BCM SCHOOL, BASANT AVENUE,
DUGRI ROAD, LUDHIANA
ASSIGNMENT
CLASS: XII
SUBJECT: ACCOUNTANCY
NAME OF CHAPTER: CASH FLOW STATEMENT**

Q. NO	LEARNING OUTCOME /ASSESSMENT OBJECTIVE	QUESTION	MARK
1	LO: Able to recognize the concept of cash flow AO: To assess the understanding of cash flow	Which of the following will result in flow of cash? (a) Cash withdrawn from the bank ₹50,000 (b) ₹2,00,000, 9% debentures issued to vendors of machinery (c) ₹30,000 received from debtors (d) Cheques of ₹ 20.000 deposited in the bank	1
2	LO: Able to recognize the concept of cash flow AO: To assess the understanding of cash flow	An investment normally qualifies as cash equivalent Only when it has a short maturity, of says, -----from the date of acquisition. (a) Three months or more (b) Six months or less (c) One year or less (d) Three months or less	1
3	LO: Able to solve the numerical problems the concept of cash flow statement AO: To assess the numerical problem solving of cash flow statement	X Ltd. purchased furniture for ₹ 20,00,000 paying 60% by issue of equity shares of ₹ 10 each and the balance by a cheque . This transaction will result in: (a) Cash used in investing activities ₹20,00,000. (b) Cash generated from financing activities ₹12,00,000. (c) Increase in cash and cash equivalents ₹ 8,00,000. (d) Cash used in investing activities ₹8,00,000.	1
4	LO: Able to recognize the activities concept of cash flow statement AO: To assess the understanding of all activities in cash flow	Which of the following is not an investing cash flow? (a) Purchase of marketable securities for ₹25,000 cash. (b) Sale of land for ₹28,000 cash. (c) Sale of 2,500 shares (held as investment) for ₹15 each. (d) Purchase of equipment for ₹500 cash.	1
5	LO: Able to recognize the concept of cash	Which of the following activities are operating activities for the purpose of preparing 'Cash Flow Statement' ? (i) Dividend and Interest received on securities.	

	<p>flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>(ii) Payment of employee benefits expenses.</p> <p>(iii) Cash receipts from royalties and fees.</p> <p>(iv) Issue of shares against purchase of machinery.</p> <p>(a) (i), (ii) and (iii)</p> <p>(b) (ii), (iii) and (iv)</p> <p>(c) (i), (ii) and (iv)</p> <p>(d) (ii) and (iii)</p>							
6	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the competency learning of cash inflow or outflow</p>	<p style="text-align: center;">Balance Sheet (an extract)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Equity and Liabilities</th> <th style="width: 35%;">31st March, 2019</th> <th style="width: 35%;">31st March, 2020</th> </tr> </thead> <tbody> <tr> <td>12% Debenture</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">1,00,000</td> </tr> </tbody> </table> <p>Additional information:- Interest on Debentures is paid on half yearly basis on 30th September and 31st March each year. Debentures were redeemed on 30th September, 2019 How much amount (related to above information) will be shown in Financing activities for Cash Flow Statement prepared on 31st March 2020:-</p> <p>(a) Outflow ₹40,000 (b) Inflow ₹42,600 (c) Outflow ₹61,600 (d) Outflow ₹64,000</p>	Equity and Liabilities	31 st March, 2019	31 st March, 2020	12% Debenture	2,00,000	1,00,000	1
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12% Debenture	2,00,000	1,00,000							
7	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>Which of the following will be shown under 'Financing Activities'?</p> <p>(i) Issue of shares (ii) Issue of debentures (iii) Purchase of new Plant and Machinery (iv) Increase in Inventories (v) Bank overdraft raised</p> <p>(a) Only (i) and (ii) (b) Only (iii) and (v) (c) (i), (ii) and (v) (d) (i), (ii), (iii) and (v)</p>	1						
8	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>Given below are two statements-Statement (A) and Statement (B): Statement (A): Increase in General Reserve is deducted to Net profit for the year to determine 'Net profit before Tax' and Extraordinary Items. Statement (B): Increase in value of goodwill is an investing activity. Choose the correct alternative from the following:</p> <p>(a) Both statement (A) and statement (B) are correct. (b) Statement (A) is correct and statement (B) is incorrect. (c) Statement (A) is incorrect and statement (B) is correct. (d) Both statement (A) and statement (B) are incorrect.</p>	1						
9	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>Assertion (A): 'Receipt of dividend' can never be classified under operating activities. Reason (R): For financial companies, receipt of dividend is considered main revenue generating activity of business.</p>	1						
10	<p>LO: Able to recognize the concept of cash</p>	<p>Match the following in the context of 'Cash flow statement':-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Column I</th> <th style="width: 50%;">Column II</th> </tr> </thead> <tbody> <tr> <td>(i) Increase in Bank Overdraft</td> <td>(A) Investing activity</td> </tr> </tbody> </table>	Column I	Column II	(i) Increase in Bank Overdraft	(A) Investing activity	1		
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(i) Increase in Bank Overdraft	(A) Investing activity								

	<p>flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>(ii) Purchase of Digital Equipment (iii) Purchase of Marketable securities (iv) Royalty received</p> <p>(a) (i) A, (ii) D, (iii) B,(iv) C (b) (i) D,(ii) A, (iii) B, (iv) C (c) (i) D,(ii) B,(iii) A, (iv) C (d) (i) A, (ii) D, (iii) B, (iv) C</p>	<p>(B) Cash and Cash Equivalent (C) Operating activity (D) Financing activity</p>									
11	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>Read the following hypothetical situation and answer question number (i) to (iii):</p> <p>Rainforest Ltd. purchased a plot of land for their factory worth ₹2 crores and paid the consideration by issue of equity shares. Vaibhav Goel, their accountant has shown the transactions in the Cash Flow Statements as follows:</p> <p>Investing Activities: Purchase of tangible asset (Land) 2 crores Financing Activities: Issue of Equity Shares 2 crores.</p> <p>The company decided to purchase capital machinery with an objective to expand its business. The order for the machinery was placed on 30th November, 2019 for ₹8,00,000 and an advance payment for ₹2,00,000. The machine was delivered on 5th April, 2020.</p> <p>During the year, the company has sold a portion of its business premises for ₹5,00,000. It has used the proceeds from sale of business premises to buy-back its own shares of 5,00,000.</p> <p>The Management of the company sought your advice on the following matters:</p> <p>(i) Is the presentation of purchase of plot of land in the cash flow statement by the accountant correct? (ii) How will the purchase of capital machinery affect the cash flow statement for the year ended on 31st March,2020? (ii) How will buy-back of shares be shown in the cash flow statement?</p>		3								
12	<p>LO: Able to recognize the concept of cash flow</p> <p>AO: To assess the understanding of cash flow</p>	<p>Madhav is a young entrepreneur. On 1st April,2019,he formed a partnership firm with two of his friends, Mohan and Sohan. They started their business of exporting dry fruits. Their business was a successful business. Now they wanted to expand the business in many other countries. For meeting the financial requirements, they changed the form of business organization and formed Madhav Ltd. The Balance Sheet of Madhav Ltd. as at 31st March 2022 was as follow:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Note no.</th> <th>31st March 2022</th> <th>31st March 2021</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Particulars	Note no.	31 st March 2022	31 st March 2021						3
Particulars	Note no.	31 st March 2022	31 st March 2021									

I.EQUITY AND LIABILITIES			
1.Shareholders' fund			
(a) Share Capital		35,00,000	25,00,000
(b) Reserve and Surplus (Statement of P&L)		12,50,000	10,00,000
2. Non-Current Liabilities			
Long term			
Borrowings(10% Debentures)		12,50,000	3,50,000
3. Current Liabilities			
(a) Short term borrowings (Bank overdraft)		50,000	75,000
(b) Trade payable		2,50,000	1,50,000
(c) Short term provision		1,50,000	75,000
Total		64,50,000	41,50,000
II.ASSETS			
1.Non-Current Assets			
(a) Tangible Assets		40,00,000	22,50,000
(b) Intangible Assets		3,50,000	5,00,000
2. Current Assets			
(a) Inventories		6,25,000	5,00,000
(b) Trade Receivables		12,50,000	7,50,000
(c) Cash and Cash Equivalents		2,25,000	1,50,000
Total		64,50,000	41,50,000

Notes to Accounts:

Note no.	Particulars	31 st March 2022	31 st March 2021
1	Short term Provision Provision for Tax	1,50,000	75,000
2	Tangible Assets (-) Accumulated Depreciation Total	44,00,000 (4,00,000)	25,00,000 (2,50,000)
		40,00,000	22,50,000

Additional information-

(i) A part of the machine costing ₹1,25,000 accumulated depreciation thereon being ₹50,000 was sold for ₹45,000 during the year.

(ii) Interest of ₹1,25,000 was paid on Debentures.

Calculate Cash flows from Investing activities and Financing activities of Madhav Ltd from the information provided on.

13	LO: Able to recognize the concept of cash	State which of the following would result in inflow, outflow or no flow of cash: 1. A long-term loan from a bank,	4
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	<p>flow</p> <p>AO: To assess the understanding of cash inflow and outflow</p>	<ol style="list-style-type: none">2. Repayment of long-term loan.3. Payment of interest on loan.4. Conversion of debentures into preference shares.5. Interest received on investments.6. Interest due on debentures.7. Receipt of accrued interest.8. Purchase of securities of a company.9. Buy-back of Equity Shares.10. Purchase of Goodwill.11. Goodwill written off.12. Patents written off.	
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