

26 Welprint Ltd. has given the following information:

Machinery as on 1st April, 2022 50,000

Machinery as on 31st March, 2023 60,000

Accumulated Depreciation on 1st April, 2022 25,000

Accumulated Depreciation on 31st March, 2023 15,000

During the yea, a machine costing 25,000 (accumulated depreciation thereon 15,000) was sold for 13,000.

Calculated cash flow investing activities on the basis of the above information.

Solution:

Statement showing flow of investing Activities

Particular	₹
Sale of Machinery (inflow)	13,000
Less: Purchase of Machinery (outflow)	<u>(35,000)</u>
Net cash used in investing Activities	<u>(22,000)</u>

Working Notes:

Machinery A/c

Particular	₹	Particular	₹
To balance B/d	50,000	By Machinery A/c	15,000
To profit & loss A/c (profit)	3,000	By bank A/c (sale)	13,000

To bank A/c (Purchase) (bal. figure)	35,000	By Balance c/d	60,000
	<u>88,000</u>		<u>88,000</u>

Dr. Provision for depreciation A/c
Cr.

Particular	₹	Particular	₹
To Machinery A/c	15,000	By balance B/d	25,000
To Balance c/d	15,000	By profit & loss A/c (Depreciation during the year (Balance figure)	5,000
	30,000		30,000

27 From the following extract of a company, calculate cash flow from investing Activities:

Particulars	31 st March 2023 ₹	31 st March 2022 ₹
Goodwill	75,000	1,00,000
Patents	1,00,000	75,000

Land	90,000	1,00,000
Furniture	2,46,000	21,000
Plant and Machinery (Net)	2,00,000	2,00,000
10% Investments	1,80,000	2,00,000
Accrued on investment	6,000

Additional Information: Investment is sold at book value on 31st March, 2023.

Solution:

Cash flow from investing Activities

Particular	₹
Sale of land	10,000
Sale of Investment	20,000
Interest on investment (10% of 200000 - 6000)	<u>14,000</u>
	44,000
Less: Patent Purchased 25,000	
Less: Furniture purchased <u>2,25,000</u>	<u>(2,50,000)</u>
Net cash used in investing Activities	2,06,000

28 From the following information, calculate cash flow from investing activities:

Particulars	31 st March 2023 ₹	31 st March 2022 ₹
Plant and Machinery	10,00,000	8,50,000
Investment (long-term)	1,00,000	40,000
Land (At cost)	1,00,000	2,00,000

Additional Information:

1. Depreciation charged on plant and machinery 50,000.
2. Plant and Machinery with a Book value of 60,000 was sold for 40,000.
3. Land was sold at a profit of 60,000.
4. No investment was sold during the year.

Solution:

Cash flow from investing Activities

Particular	₹
Sale of Machine	40,000
sale of land	<u>1,60,000</u>
	2,00,000

Less: Purchase of Machine	(2,60,000)	
Less: Purchase of Investment	<u>(60,000)</u>	<u>(3,20,000)</u>
		1,20,000

Working Notes:

Dr. Machinery A/c
Cr.

Particular	₹	Particular	₹
To balance B/d	8,50,000	By bank A/c (sale)	40,000
To bank A/c (Purchased) (Bal. figure)	2,60,000	By profit & loss A/c (loss on sale)	20,000
		By depreciation A/c	50,000
		By balance c/d	<u>10,00,000</u>
	11,10,000		11,10,000

Dr. Land A/c Cr.

Particular	₹	Particular	₹
To balance B/d	2,00,000	By bank A/c (sale) (B/f)	1,60,000
To Profit & loss A/c (Profit)	60,000	By balance c/d	10,00,000

	2,60,000		2,60,000
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29 From the following particular, calculate cash flow from investing activities:

Particular	Purchased ₹	Sold ₹
Machinery	6,20,000	2,00,000
Investment	2,40,000	80,000
Goodwill	1,00,000	----
Patents	----	1,50,000

Additional information:

1. Interest received on debentures held as investment 8,000
2. Interest paid on debentures issued 20,000.
3. Dividend received on share held as investment 20,000.
4. Dividend paid on Equity share capital 30,000.
5. A plot of land was purchased out of the surplus funds for investment purpose and was let out for commercial use. Rent received 50,000 during the year.

Cash flow from investing Activities

Particular	₹
Sale of Machinery	2,00,000
Sales of Investment	80,000
Sale of patents	1,50,000

Interest and investment Received		8,000
Dividend on share received		20,000
Rent received		<u>50,000</u>
		5,08,000
Less: Purchase of Machinery	(6,20,000)	
Purchase of investment	(2,40,000)	
Purchase of Goodwill	<u>(1,00,000)</u>	<u>9,60,000</u>
Net cash used in investing Activities		4,52,000

30 Calculate cash Flow cash investing activities from the following information:

Particulars	31 st March 2023 ₹	31 st March 2022 ₹
Investment in land	3,00,000	3,00,000
Shares in Damodar Ltd.	1,50,000	1,50,000
12% long-term Investment	80,000	50,000
Plant and Machinery	7,50,000	6,00,000
patents	70,000	1,00,000
Goodwill	1,50,000	1,00,000

Additional Information:

1. A piece of land was purchased as an investment out of surplus, it was let out for commercial purpose and the rent received was 20,000.
2. Dividend received from damodar Ltd. 12%
3. Patents written off to the extent of 20,000. Some patents were sold at a profit of 10,000.
4. A Machine costing 80,000 (depreciation provided thereon 30,000) was sold for 35,000.
5. During the year 12% investments were purchased for 1,00,000 some investments were sold at a profit of 10,000. Interest on investment for the year was duly received.

Solution:

Cash flow from investing Activities

Particular	₹
Sale of patents	20,000
Sale of Machine	35,000
sale of 12% investments	80,000
Dividend on 12% investments received	6,000
Dividend on shares of Damodar Ltd.	18,000
Rent received	<u>20,000</u>
	1,79,000
Less: Purchase of plant & Machinery	2,70,000
Purchase of investments	1,00,000
Purchase of Goodwill	<u>50,000</u>
	(4,20,000)
Net cash used in investing Activities	2,41,000

Working Notes:

Dr. 12% long term investment A/c

Cr.

Particular	₹	Particular	₹
To balance B/d	50,000	By bank A/c (sale) (Bal. figure)	80,000
To Bank A/c (purchase)	1,00,000	By balance c/d	80,000
	10,000		
To Profit & loss A/c (Profit)	1,60,000		1,60,000

Dr. Patents A/c

Cr.

Particular	₹	Particular	₹
To balance B/d	1,00,000	By bank A/c (sale) (Bal. figure)	20,000
To Profit & loss A/c (Profit)	10,000	By Depreciation A/c	20,000
		By balance c/d	70,000
	1,10,000		1,10,000

Dr.

Plant & Machinery A/c

Cr.

Particular	₹	Particular	₹
To balance B/d	6,00,000	By bank A/c (sale)	35,000
To Bank A/c (purchase) (Bal. fig)		By Profit & Loss A/c (Loss on sale)	15,000
		By Depreciation A/c	70,000
		By balance c/d	7,50,000
	8,70,000		8,70,000

31 From the following information, calculate cash flow form operating Activities and investing Activities:

Particulars	31 st March 2022 ₹	31 st March 2023 ₹
Surplus, i.e., balance statement on profit & loss	1,00,000	4,00,000
Provision for Tax	30,000	30,000

Trade payables	40,000	1,50,000
Current Assets (Inventories and trade Receivables)	4,60,000	5,20,000
Fixed Assets (Net)	3,25,000	3,92,000

Additional Information:

1. Depreciation of 80,000 was provided and a machine costing 1,05,000 (depreciation provided thereon 65,000) was sold at a loss of 8,000.
2. Tax paid during the year 30,000.

Solution:

Particulars	₹	₹
(A) Cash flow form operating Activities		
Net profit Before tax & Extraordinary items		3,30,000
Add Depreciation	80,000	
Add loss on sale of Machinery	<u>8,000</u>	<u>88,000</u>
Net cash Generated before working capital changes		4,18,000
 Add Increase in trade payables		
Add Increase in current assets		<u>1,10,000</u>
		5,28,000

	<u>60,000</u>
	4,68,000
Less: Tax paid	<u>30,000</u>
Cash flow from operating Activities	4,38,000
(B) Cash flow from investing activities	
Sale of machine (w.n)	32,000
Less: Purchase of machinery (w.n)	<u>1,87,000</u>
Net cash used in investing activities	1,55,000

Working Notes:

Particulars	₹
Closing balance of surplus i.e., balance of statement of P & L A/c	4,00,000
Less: Closing balance of surplus i.e., balance of statement of P & L A/c	1,00,000
Add: Provision for tax current year	3,00,000

	30,000
Net profit before tax & Extraordinary items	
	3,30,000

Dr. Fixed Assets A/c
Cr.

Particular	₹	Particular	₹
To balance B/d	3,25,000	By bank A/c	32,000
To Bank A/c	1,87,000	By Depreciation A/c	80,000
		By Profit & Loss A/c (Loss)	8,000
		By balance c/d	3,92,000
	5,12,000		5,12,000

Dr. Fixed Assets A/c
Cr.

Particular	₹	Particular	₹
To Bank A/c	30,000	By balance B/d	30,000

To balance c/d	30,000	By profit & loss A/c (Provision made during the year)	30,000
	60,000	(Balancing figure)	60,000

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