

11		Balance in Surplus as on 31-Mar-2021	170000
	Less	Balance in Surplus as on 31-Mar-2020	100000
		Addition to Surplus in 2020-2021	70000
	Add	Dividend paid in the current year	0
	Add	Interim Dividend	0
	Add	Transfer to General Reserve	100000
	Add	Provision for Tax	100000
			270000
	Less	Refund of Tax	0
		Net Profit before tax and extra ordinary items	270000
	Add	Non Cash Expenses	
		Depreciation for the year	75000
	Less	Non Cash Income	0
		(Not required to show. It is shown here only for information)	
	Add	Non Operating Expenses and Losses	0

(Not required to show. It is shown here only for information)
Less Non Operating Income and Gains 0
(Not required to show. It is shown here only for information)

Operating Profit Before working capital changes 345000

12 Balance in Surplus as on 31-Mar-2021 80000
Less Balance in Surplus as on 31-Mar-2020 60000

Addition to Surplus in 2020-2021 20000
Add Dividend paid in the current year 0
Add Interim Dividend 0
Add Transfer to General Reserve 0
Add Provision for Tax 0
20000

Less Refund of Tax 0

Net Profit before tax and extra ordinary items 20000

Add Non Cash Expenses
Depreciation for the year 10000

	Goodwill written off	8000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Operating Profit before working capital changes	38000
Add	Decrease in Current Assets	
	Trade Receivables	6000
	Prepaid Insurance	1000
Add	Increase in Current Liabilities	
Less	Increase in Current Assets	
	Inventories	20000
Less	Decrease in Current Liabilities	
	Outstanding Rent	9000
	Trade Payables	6000
	Cash Generated from operations	10000

13	Net Profit after provisionf for tax and payment of dividend	215000
	Add Dividend paid in the current year	50000
	Add Interim Dividend	0
	Add Transfer to General Reserve	0
	Add Provision for Tax	45000
		310000
	Less Refund of Tax	30000
	Net Profit before tax and extra ordinary items	280000
	Add Non Cash Expenses	
	Depreciation for the year	25000
	Goodwill written off	0
	Patents amortised	30000
	Less Non Cash Income	0
	Add Non Operating Expenses and Losses	
	Loss on sale of machinery	10000
	Less Non Operating Income and Gains	0
	Gain on sale of land	70000

	Operating Profit before working capital changes	275000
Add	Decrease in Current Assets	0
Add	Increase in Current Liabilities	0
Less	Increase in Current Assets	0
Less	Decrease in Current Liabilities	0
	Cash Generated from operations	275000

It seems that the solution given in the book Rs 260000 is not correct

14	Profit for the year	700000
Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	60000
Add	Provision for Tax	0
		760000

Less	Refund of Tax	0
	Net Profit before tax and extra ordinary items	760000
Add	Non Cash Expenses	
	Depreciation for the year	40000
	Goodwill written off	20000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of land	90000
	Operating Profit before working capital changes	730000
Add	Decrease in Current Assets	
	Prepaid Expenses	8000
	Increase in Current Liabilities	
Less	Increase in Current Assets	
	Trade Receivables	15000
	Decrease in Current Liabilities	
	Trade Payables	25000

Cash Generated from operations	698000
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15

	Net profit after charging depreciation and transfer to reserve	100000
Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	30000
Add	Provision for Tax	0
		130000
Less	Refund of Tax	0
	Net Profit before tax and extra ordinary items	130000
Add	Non Cash Expenses	
	Depreciation for the year	20000
	Goodwill amortised	7000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0

Less	Non Operating Income and Gains	0
	Gain on sale of machinery	3000
	Operating Profit before working capital changes	154000
Add	Decrease in Current Assets	
Add	Increase in Current Liabilities	
	Trade Payables	6000
Less	Increase in Current Assets	
	Trade Receivables	3000
	Prepaid Expenses	200
Less	Decrease in Current Liabilities	
	Outstanding Expenses	2000
	Cash Generated from operations	154800

16

Net profit after charging depreciation and transfer to reserve	100000
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Add	Dividend paid in the current year	0
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Add	Interim Dividend	0
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Add	Transfer to General Reserve	30000
Add	Provision for Tax	0
Add	Loss due to earthquake	0
		130000
Less	Refund of Tax	0
Less	Insurance proceeds for loss due to earthquake	0
	Net Profit before tax and extra ordinary items	130000
Add	Non Cash Expenses	
	Depreciation for the year	20000
	Goodwill amortised	7000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of machinery	3000
	Operating Profit before working capital changes	154000
Add	Decrease in Current Assets	
	Bills receivables	3000

	Increase in Current Liabilities	
	Creditors	10000
Less	Increase in Current Assets	
	Debtors	6000
	Prepaid Expenses	200
	Decrease in Current Liabilities	
	Bills Payable	4000
	Outstanding Expenses	2000

Cash Generated from operations	154800
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17

Net profit after tax	640000
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Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	20000
Add	Loss due to earthquake	0
		660000

Less	Refund of Tax	0
Less	Insurance claim received	50000

Net Profit before tax and extra ordinary items		610000
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Add	Non Cash Expenses	
	Depreciation for the year	55000
	Goodwill amortised	0

Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of investment	20000

Operating Profit before working capital changes		645000
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Add	Decrease in Current Assets	
	Inventories	10000

	Increase in Current Liabilities	
	Trade Payables	30000

Less	Increase in Current Assets	
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	Trade Receivables	40000
	Prepaid Expenses	14000
	Decrease in Current Liabilities	
	Bills Payable	0
	Outstanding Expenses	0
	Cash Generated from operations	631000
Less	Income tax paid	15000
	Cash Flow from operating activities before extraordinary items	616000
Add	Extraordinary Items	
	Insurance Claim Received	50000
	Cash Flow from Operating Activities	666000

Note :

Insurance claim received will first be deducted to calculate Net Profit before tax and extra ordinary items. Later it will be added back in the end as it is related to operating activities

18

Net profit after depreciation	10000
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Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	0
Add	Loss due to earthquake	0
		10000
Less	Refund of Tax	0
Less	Insurance claim received	0

Net Profit before tax and extra ordinary items	10000
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Add	Non Cash Expenses	
	Depreciation for the year	2000
	Goodwill amortised	0
	Provision for Doubtful debts	200
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0

	Gain on sale of investment	0
	Operating Profit before working capital changes	12200
Add	Decrease in Current Assets	
	Prepaid Expenses	1000
	Increase in Current Liabilities	
	Trade Payables	2000
	Expenses Payable	500
Less	Increase in Current Assets	
	Trade Receivables	1000
	Inventories	3000
	Other Current Assets	2000
	Accrued Income	1000
	Decrease in Current Liabilities	
	Bills Payable	0
	Outstanding Expenses	0
	Income received in advance	1000
	Cash Generated from operations	7700

Less	Income tax paid	0
	Cash Flow from operating activities before extraordinary items	7700
Add	Extraordinary Items	
	Insurance Claim Received	0
Cash Flow from Operating Activities		7700

19

	Net profit	800000
Add	Dividend paid in the current year	110000
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	110000
Add	Loss due to earthquake	0
		1020000
Less	Refund of Tax	10000
Less	Compensation for natural disaster	75000
Net Profit before tax and extra ordinary items		935000

Add	Non Cash Expenses	
	Depreciation for the year	150000
	Loss on sale of investment	30000
	Provision for Doubtful debts	0
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of land	90000
	Dividend Received	20000
	Operating Profit before working capital changes	1005000
Add	Decrease in Current Assets	40000
	Increase in Current Liabilities	70000
Less	Increase in Current Assets	60000
	Trade Receivables	0

	Inventories	0
	Other Current Assets	0
	Accrued Income	0
	Decrease in Current Liabilities	10000
	Bills Payable	0
	Outstanding Expenses	0
	Income received in advance	0
	Cash Generated from operations	1045000
Less	Income tax paid	120000
Add	Income Tax Refund	10000
	Cash Flow from operating activities before extraordinary items	935000
Add	Extraordinary Items	
	Compensation for natural disaster	75000
	Cash Flow from Operating Activities	1010000
20	Net profit	180000

Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	64000
Add	Loss due to earthquake	0
		244000

Less	Refund of Tax	0
Less	Compensation for natural disaster	0

Net Profit before tax and extra ordinary items	244000
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Add	Non Cash Expenses	
	Depreciation and amortization for the year	185000
	Loss on sale of assets	36000
	Provision for Doubtful debts	0
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of plant	40000
	Dividend Received	5000

Operating Profit before working capital changes		420000
Add	Decrease in Current Assets	0
	Increase in Current Liabilities	0
	Trade Payables	28000
	Selling expenses outstanding	3000
Less	Increase in Current Assets	0
	Trade Receivables	37000
	Inventories	16000
	Other Current Assets	0
	Accrued Income	0
	Decrease in Current Liabilities	0
	Office Expenses Outstanding	5000
	Outstanding Expenses	0
	Income received in advance	0
Cash Generated from operations		393000

Less	Income tax paid	64000
Add	Income Tax Refund	0
	Cash Flow from operating activities before extraordinary items	329000
Add	Extraordinary Items	
	Compensation for natural disaster	0
	Cash Flow from Operating Activities	329000

Note :

It is assumed that the provision made in the current year for tax is paid