

	<b>Net profit</b>	<b>90000</b>
Add	Proposed Dividend for CY	10000
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	3000
Add	Loss due to earthquake	0
		103000
Less	Refund of Tax	0
Less	Compensation for natural disaster	0
	<b>Net Profit before tax and extra ordinary items</b>	<b>103000</b>
<b>Add</b>	<b>Non Cash Expenses</b>	
	Loss on sale of machine	17000
	Amortization of Goodwill	12000
<b>Add</b>	<b>Non Operating Expenses and Losses</b>	
	Preliminary Expenses	2000
<b>Less</b>	<b>Non Cash Income</b>	
<b>Less</b>	<b>Non Operating Income and Gains</b>	

	Profit on sale of land	5000
	<b>Operating Profit before working capital changes</b>	<b>129000</b>
<b>Add</b>	<b>Decrease in Current Assets</b>	
	Stock	3000
<b>Add</b>	<b>Increase in Current Liabilities</b>	
	Expenses Payable	1000
<b>Less</b>	<b>Increase in Current Assets</b>	0
	Accounts Receivables	4000
<b>Less</b>	<b>Decrease in Current Liabilities</b>	0
	Accounts Payable	2000
	<b>Cash Generated from operations</b>	<b>127000</b>
Less	Income tax paid	5000
Add	Income Tax Refund	0
	<b>Cash Flow from operating activities before extraordinary items</b>	<b>122000</b>
<b>Add</b>	<b>Extraordinary Items</b>	
	Compensation for natural disaster	2000
	<b>Cash Flow from Operating Activities</b>	<b>124000</b>

Note :

<b>Prov for Tax A/c</b>			
Particulars	Amount	Particulars	Amount
To balance C/d	4000	By Balance B/d	6000
<b>To Bank A/c</b>	<b>5000</b>	By P & L A/c	3000
Total	<u>9000</u>		<u>9000</u>

22

<b>Cash Flow from Investing Activities</b>	
Cost of Machinery	1000000
10% immediate payment	100000
<b>Cash Outflow form investing activities</b>	<b>100000</b>

23

<b>Machinery A/c</b>			
Particulars	Amount	Particulars	Amount
Op Bal To Balance B/d	960000	By Balance C/d	1050000
To Profit on sale	15000	By Depreciation	35000
Purchase <b>To Bank A/c</b>	<b>155000</b>	By Bank A/c	45000
		Sale	

Total	<u>1130000</u>	<u>1130000</u>
-------	----------------	----------------

### Cash Flow from Investing Activities

Cash outflow from investing activities	-155000
Cash inflow from investing activities	45000

Net Cash Flow from investing activities	-110000
---	---------

24

### Investments A/c

Particulars	Amount	Particulars	Amount
To Balance B/d	500000	By Balance C/d	1000000
To Profit on sale	25000		
<b>To Bank A/c</b>	<b>750000</b>	By Bank A/c	275000
(Purchase Value)		(Sale Value)	
Total	<u>1275000</u>		<u>1275000</u>

### Land and Building

Particulars	Amount	Particulars	Amount
To Balance B/d	900000	By Balance C/d	1500000
		By Depreciation A/c	50000
<b>To Bank A/c</b>	<b>650000</b>		

Total	<u>1550000</u>	<u>1550000</u>
-------	----------------	----------------

Cash Flow from Investing Activities	
Purchase of investments	-750000
Sale of investments	275000
Purchase of Land and Building	-650000
Interest on investments	75000
<b>Net cash outflow from investing activities</b>	<b>-1050000</b>

25

<b>Machinery A/c</b>			
Particulars	Amount	Particulars	Amount
To Balance B/d	950000	By Balance C/d	1000000
To Profit on sale	20000	By Acc Depreciation A/c	60000
<b>To Bank A/c</b> (New Purchases)	<b>140000</b>	By Bank A/c	50000
Total	<u>1110000</u>		<u>1110000</u>

<b>Accumulated Depreciation A/c</b>			
Particulars	Amount	Particulars	Amount
To Balance C/d	150000	By Balance B/d	110000
To Machinery A/c	60000	By Depreciation A/c	100000 (For the year)

(Bal Figure)

Total	<u>210000</u>	<u>210000</u>
-------	---------------	---------------

**Patents A/c**

Particulars	Amount	Particulars	Amount
To Balance B/d	300000	By Balance C/d	200000
To Profit on Sale	40000	By Amortization	50000
		By Bank A/c	90000
		(Bal Figure)	(A part of patents were sold. This comes as Bal Figure)
Total	<u>340000</u>		<u>340000</u>

**Cash Flow from Investing Activities**

Purchase of Machinery	Outflow	-140000
Sale of Machinery	Inflow	50000
Sale of Patents	inflow	90000
Net cash outflow from investing activities		0

Particulars	Amount	Particulars	Amount
To Balance B/d	50000	By Balance C/d	60000
To Profit on sale	3000	By Acc Depreciation A/c	15000 (Acc Dep on machinery sold)
<b>To Bank A/c</b>	<b>35000</b>	By Bank A/c	13000
(New Purchases)			
Total	<u>88000</u>		<u>88000</u>

<b>Accumulated Depreciation A/c</b>			
Particulars	Amount	Particulars	Amount
To Balance C/d	15000	By Balance B/d	25000
To Machinery A/c	15000	<b>By Depreciation A/c</b>	<b>5000 (For the year)</b>
		<b>(Bal Figure)</b>	
Total	<u>30000</u>		<u>30000</u>

<b>Cash Flow from Investing Activities</b>		
Cash Outflow on purchase of machinery		-35000
Cash Inflow on sale of machinery		13000
<b>Net Cash flow from investing activities</b>	<b>Outflow</b>	<b>-22000</b>

Particulars	Amount	Particulars	Amount
To Balance B/d	850000	By Balance C/d	1000000
		By Depreciation A/c	50000
<b>To Bank A/c</b> (New Purchases)	<b>260000</b>	By Bank A/c	40000 (Machinery Sold)
		By Loss on Sale of machiner	20000
Total	<u>1110000</u>		<u>1110000</u>

### Investment

Particulars	Amount	Particulars	Amount
To Balance B/d	40000	By Balance C/d	100000
<b>To Bank A/c</b> (New Purchases)	<b>60000</b>	By Bank A/c	0
Total	<u>100000</u>		<u>100000</u>

### Land

Particulars	Amount	Particulars	Amount
To Balance B/d	200000	By Balance C/d	100000
<b>To Gain on Sale</b>	<b>60000</b>	By Bank A/c	160000 (Sale value of land)
		<b>(Bal Figure)</b>	
Total	<u>260000</u>		<u>260000</u>



Cash Flow from Investing Activities	
Purchase of Plant and Machinery	-260000
Sale of Plant and Machinery	40000
Purchase of Investments	-60000
Sale of Land	160000
<b>Net Cash Flow from Investing activities</b>	<b>-120000</b>

28

Cash Flow from Investing Activities	
Purchase of patents	-25000
Sale of Land	10000
Purchase of furniture	-225000
Sale of Investments	20000
Interest received on investments	14000
<b>Net Cash Flow from Investing Activities</b>	<b>-206000</b>

**Note :**

**Interest received on investments**

	10% Investments	200000	
	Total Interest	20000	$200000 \times 10/100$
Less	Accrued Interest	6000	

Interest Received 14000

There is no cashflow impact due to Plant and Machinery

29

<b>Cash Flow from Investing Activities</b>	
Machinery Purchased	-620000
Machinery Sold	200000
Investments Purchased	-240000
Investments Sold	80000
Interest received in Debentures	8000
Dividend Received on shares	20000
Purchase of Goodwill	-100000
Sale of Patents	150000
Rent Received on Plot of Land	50000
<b>Net Cash Flow from Investing Activities</b>	<b>-452000</b>

**Note :**

Interest paid on debentures is a financing activity

Dividend paid on equity shares is a financing activity

30

**Patents**

Particulars	Amount	Particulars	Amount
To Balance B/d	100000	By Balance C/d	70000
To Gain on Sale	10000	By P & L A/c (Amortization)	20000
		<b>By Bank A/c</b>	<b>20000</b> sale of patents
		<b>(Bal Figure)</b>	
Total	<u>110000</u>		<u>110000</u>

<b>Plant and Machinery</b>			
Particulars	Amount	Particulars	Amount
To Balance B/d	600000	By Balance C/d	750000
		By Bank A/c	35000 inflow
Outflow To Bank A/c	<b>270000</b>	By Loss on Sale	15000
<b>(Bal Figure)</b>		By Depreciation	70000 (During the year)
Total	<u>870000</u>		<u>870000</u>

<b>Investments A/c</b>			
Particulars	Amount	Particulars	Amount
To Balance B/d	50000	By Balance C/d	80000
To Bank A/c (Purchase)	100000	<b>By Bank A/c</b>	<b>80000</b> (Sale of Investments)
To Gain on Sale	10000	<b>(Bal Figure)</b>	

Total	<u>160000</u>	<u>160000</u>
-------	---------------	---------------

Cash Flow from Investing Activities		
Rent received on commercial Land	20000	
Purchase of Investments	-100000	
Sale of Investments	80000	
Purchase of Machinery	-270000	
Sale of Machinery	35000	
Sale of Patents	20000	
Dividend from Damodar Ltd	18000	150000*12/100
Interest received on Investments	6000	50000*12/100
Purchahse of Goodwill	-50000	
<b>Net Cash Flow from Investing Activities</b>		<b>-241000</b>

**Note :**

**1 Gain/Loss on sale of machinery**

Cost of Machinery	80000
Less - Depreciation	30000
Written Down Value	50000
Less - Sale value	35000
Loss on Sale of machinery	15000

- 2 **No Impact on cash flow due to Investments in Land and shares in Damodar Ltd**
  - 3 **Interest on investments will be calculated on the opening balance**
- 