
CHAPTER-6 – Cash Flow Statement (As per AS – 3 Revised)

Q1

Solution:

The transactions are classified into the following category of activities with respect to cash flow statement:

Sl.No	Particulars	Category
1	Cash sales	Operating Activity
2	Cash received from trade receivables	Operating Activity
3	Purchase of building	Investing Activity
4	Sale of building	Investing Activity
5	Issue of share capital or Debentures	Financing Activity
6	Buy-back of equity shares	Financing Activity
7	Dividend paid	Financing Activity
8	Interest paid on Debentures or Long-term loans by Finance company	Operating Activity
9	Interest paid on Debentures or Long-term loans by Non-finance company	Financing Activity
10	Cash purchases	Operating Activity
11	Cash paid to trade payables	Operating Activity

12	Redemption of debentures and preference shares	Financing Activity
13	Repayment of Long-term loan	Financing Activity
14	Office expenses	Operating Activity
15	Selling and distribution expenses	Operating Activity
16	Manufacturing expenses	Operating Activity
17	Purchase of goodwill	Investing Activity
18	Sale of patents	Investing Activity
19	Purchase of investments	Investing Activity
20	Sale of investments by Finance company	Operating Activity
21	Sale of investments by Non-finance company	Investing Activity
22	Commission and royalty received	Operating Activity
23	Interest received on investments by Finance company	Operating Activity
24	Interest received on investments by Non-finance company	Investing Activity
25	Dividend received on shares by Finance company	Operating Activity
26	Dividend received on shares by Non-finance company	Investing Activity

27	Rent paid	Operating Activity
28	Rent received if Company's main business is property business	Operating Activity
29	Rent received if Company's main business is some Other business	Investing Activity
30	Income tax paid	Operating Activity
31	Income tax refund received	Operating Activity
32	Bank balance	Cash Equivalents
33	Short-term deposits in the bank	Cash Equivalents
34	Investment in the short term or marketable securities	Cash Equivalents

Q2

Solution:

The following table shows calculation of cash from operating activities of the business:

Operating Activities
For the ended 31st March 2019

Particulars	₹
Net loss for the year	(45,000)
Non-cash and non-operating items:	
Less: Decrease in provision for doubtful debts	(1,000)
Operating loss before change in working capital	(46,000)
Add: Increase in current liabilities:	

Bills payable	20,000
	(26,000)
Less: Decrease in current liabilities:	
Creditors	(5,000)
Cash used in Operating Activities	(31,000)

