



SNS College of Technology

Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS Unit II – FINANCIAL STATEMENT ANALYSIS

Topic: Guess?????



Presented by

Ms.S.Swarnam
Design Thinker

1st Indian
Institution
to Implement

**Design
Thinking
Curriculum**

**Redesigning Common Mind and
Business Towards Excellence**



.shutterstock.com • 1316152781





PROBLEM 1



BALANCE SHEET

<i>Liabilities</i>	<i>1 Jan., 1993</i>	<i>31 Dec., 1993</i>	<i>Assets</i>	<i>1 Jan., 1993</i>	<i>31 Dec., 1993</i>
	<i>Rs</i>	<i>Rs</i>		<i>Rs</i>	<i>Rs</i>
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. A's Loan	25,000	—	Debtors	30,000	50,000
Loans from Banks	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	<u>2,30,000</u>	<u>2,47,000</u>		<u>2,30,000</u>	<u>2,47,000</u>

During the year a machine costing Rs 10,000 (accumulated depreciation Rs 3,000) was sold for Rs 5,000. The provisions depreciation against Machinery as on 1 January, 1993 was Rs 25,000 and on 31 December, 1993 was Rs 40,000. Net profit for the year 1993 amount to Rs 45,000. You are required to prepare a Cash Flow Statement.

**SOLUTION****CASH FLOW STATEMENT**

		Rs
Net Cash Flows from Operating Activities		59,000
Cash flows from Investing Activities:		
Sale of Machinery	5,000	
Purchase of Land	(10,000)	
Purchase of Building	(25,000)	
Net Cash flows from Investing Activities		(30,000)
Cash flows from Financing Activities:		
Loan from Bank	10,000	
Mrs. A's Loan repaid	(25,000)	
Drawings	(17,000)	
Net Cash Flow from Financial Activities		32,000
Net Increase (Decrease) in cash and cash equivalents		3,000
Cash and Cash Equivalents on Jan. 1, 1993		10,000
Cash and Cash Equivalents on Dec. 31, 1993		7,000



PROBLEM 2

<i>Liabilities</i>	<i>1992</i> <i>Rs</i>	<i>1993</i> <i>Rs</i>	<i>Assets</i>	<i>1992</i> <i>Rs</i>	<i>1993</i> <i>Rs</i>
Share Capital	2,00,000	2,50,000	Land and buildings	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit and loss	30,500	30,600	Stock	1,00,000	74,000
Bank loan (Long-term)	70,000	—	Sundry Debtors	80,000	64,200
Sundry creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	—	8,000
	<u>5,30,500</u>	<u>5,10,800</u>	Goodwill	<u>—</u>	<u>5,000</u>
				<u>5,30,500</u>	<u>5,10,800</u>

Additional Information

During the year ended 31 December, 1993:

1. Dividend of Rs 23,000 was paid.
2. Assets of another company were purchased for a consideration of Rs 50,000 payable in shares.

The following assets were purchased: Stock Rs 20,000; Machinery Rs 25,000.

3. Machinery was further purchased for Rs 8,000.
 4. Depreciation written off machinery Rs 12,000.
 5. Income tax provided during the year Rs 33,000.
 6. Loss on sale of machinery Rs 200 was written off to General Reserve.
- You are required to prepare a cash flow statement.



SOLUTION



CASH FLOW STATEMENT for the ending 31 December, 1993

<i>Particulars</i>		<i>Rs</i>
Cash Flows Operating Activities:		
Funds from operations	88,300	
Adjustments for:		
Decrease in Stock	46,000	
Decrease in Debtors	15,800	
Decrease in Creditors	(14,800)	
Tax paid	28,000	
Net Cash from Operating Activities		1,07,300
Cash Flows Investing Activities:		
Sale of Machinery	1,800	
Purchase of Machinery	(8,000)	
Net Cash used for Investing Activities		(6,200)
Cash Flows from Financing Activities		
Payment of Dividend	(23,000)	
Mortgage Loan repaid	(70,000)	
Net Cash used in Financing Activities		(93,000)
Net Increase in Cash and Cash Equivalents		8,100
Cash and Cash Equivalents as on 1st Dec., 1993		500
Cash and Cash Equivalents 31st Dec., 1993		8,600
(Cash Rs 600 + Bank Rs 8,000)		



Time for the assessment...



Statement of cash flows includes

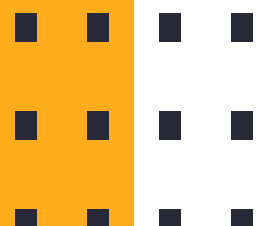
- A) Financing Activities
- B) Operating Activities
- C) Investing Activities
- D) All of the Above



Summary

Problem in Cash Flow Statements

SUMMARY





References...



<https://www.accountingnotes.net/financial-statement/cash-flow-statement/cash-flow-statement-problems-and-solutions-accounting/13237>



Thank
you





REACH US



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS



SNSINSTITUTIONS