

26.8.20

Management Accounts

B. Com Part III

Chapter Cash Flow Statement

Numerical Exercise - (7)

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Question.

The following is the position of current assets and current liabilities of Vijay Limited.

	2015	2016
creditors -	20000	15000
Debtors -	30000	20000
Bills Receivables -	10000	29000
Prepaid Insurance	2000	5000

The company incurred a loss of 6000 during the year. Calculate cash from operating activity.

Ans.

Calculation of Cash Flow from operating activity

Particulars	₹	₹
Net loss during the year		(6000)
+ decrease in current assets:		
Debtors -	10000	10000
(-) Increase in current assets:		
Bills -	(10000)	
Prepaid expenses -	(3000)	
Decrease in current liabilities:		
creditors -	5000	(19000)
Cash loss from operating activity ..		<u><u>(15000)</u></u>

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