

3.9.20

Management Accounts
B. Com Part III

Chapter - Cash flow Statement (Deferred Tax Liabilities)

Numerical exercise - (13) Dr. S. K. Singh.
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Question -

Dolphin Limited earned a profit of Rs - 3,00,000 after considering the following items:

- (i) Provision for tax made during the year 50,000
 - (ii) Depreciation on fixed assets :- 40,000
 - (iii) Preliminary expenses written off 8,000
 - (iv) Loss on sale of machinery - 12,000
- Additional information:

Particulars	2015	2016
Deferred Tax Liabilities (net)	30,000	20,000
Trade Receivables	45,000	65,000
Trade Payables	35,000	55,000
Prepaid expenses -	5,000	7,000
Outstanding expenses -	28,000	15,000

Tax paid during the year was 40,000.
Calculate cash flow from operating activities :-

Ans.

Particulars (Indirect Method)	Rs	Rs
Profit before tax		3,40,000
Adjustment for non cash/non operating items		
+ Depreciation	40,000	
+ Preliminary expenses	8,000	
+ Loss on sale of machinery	12,000	60,000
(A) operating profit before working capital changes		4,00,000
+ Increase in current liabilities:		20,000
Trade Payables		4,20,000
(-) Decrease in current liabilities:		
Outstanding expenses	13,000	
+ Increase in current Assets:		35,000
Trade Receivables	20,000	
Prepaid expenses -	2,000	3,85,000
(-) Tax paid		40,000
Cash from operating activities		3,45,000