

Objective Type Questions 9.3

- If the net profits earned during the year is ₹50,000 and the amount of debtors in the beginning and the end of the year is ₹10,000 and ₹20,000 respectively, then the cash from operating activities will be equal to ₹ _____
(₹ 40,000/₹ 60,000)
(Fill in the blank with the correct option)
- If the net profits made during the year are ₹ 50,000 and the bills receivables have decreased by ₹10,000 during the year then the cash flow from operating activities will be equal to ₹ _____ (₹40,000/₹60,000)
(Fill in the blank with the correct option)
- Expenses paid in advance at the end of the year are _____ the profit made during the year (added to/deducted from) for calculating cash flow from operating activities.
(Fill in the blank with the correct option)
- An increase in accrued income during the year is _____ the net profit (added to/deducted from) for calculating cash flow from operating activities.
(Fill in the blank with the correct option)
- Goodwill amortised is _____ the profit made during the year for calculating the cash flow from operating activities (added to/ deducted from).
(Fill in the blank with the correct option)
- For calculating cash flow from operating activities, provision for doubtful debts is _____ the profit made during the year (added to/ deducted from).
(Fill in the blank with the correct option)
- Match the following:
While computing cash flows from operating activities:

(a) Increase in the value of creditors	(i) Added to net profit
(b) Increase in the value of patents	(ii) Subtracted from net profit
(c) Increase in prepaid expenses	(iii) Not considered
- Match the following:
While computing cash flows from operating activities:

(a) Decrease in unearned income	(i) Added to net profit
(b) Decrease in value of inventory	(ii) Subtracted from net profit
(c) Increase in share capital	(iii) Not considered
- Match the following:
While computing cash flows from operating activities:

(a) Increase in the value of trade receivables	(i) Added to net profit
(b) Increase in the amount of outstanding expenses	(ii) Subtracted from net profit
(c) Conversion of debentures into shares	(iii) Not considered
- Match the following:
While computing cash flows from operating activities:

(a) Decrease in the value of trade payables	(i) Added to net profit
(b) Increase in the value of trade receivables	(ii) Subtracted from net profit
(c) Decrease in the amount of accrued income.	(iii) Not considered
- A Ltd. provides the following information:

Particulars	1.4.2019 (₹)	31.3.2020 (₹)
Machinery	50,000	60,000
Accumulated depreciation	25,000	15,000

A machine of book value ₹10,000 with accumulated depreciation ₹8,000 was sold for ₹13,000. Cash flows from investing activities will be:
(Choose the correct alternative)

 - Net cash used in investing activities ₹28,000
 - Net cash used in investing activities ₹15,000
 - Net cash from investing activities ₹13,000
 - Net cash from investing activities ₹15,000

12. B Ltd. provides the information:

Particulars	1.4.2019 (₹)	31.3.2020 (₹)
Long-term loans	2,00,000	2,50,000

During the year 2019-20, the company repaid a loan of ₹1,00,000.

Cash flows from financing activities will be:

(Choose the correct alternative)

- (a) Net cash used in financing activities ₹50,000 (b) Net cash used in financing activities ₹1,00,000
(c) Net cash from financing activities ₹50,000 (d) Net cash from financing activities ₹1,50,000

13. Interest on debentures paid is added to _____ while calculating cash flows from operating activities because it is a _____
(Fill in the blanks)

Particulars	1.4.2019 (₹)	31.3.2020 (₹)
Provision for tax	₹10,000	₹25,000

Tax paid during the year ended 31 March, 2020 is ₹15,000. While calculating Net Profit before Tax and Extraordinary activities, ₹ _____ will be added.
(Fill in the blank)

15. Amount transferred to General Reserve will be affecting cash flows from _____ activities of Cash Flow Statement.
(Fill in the blank)
16. Dividend is paid on 10% preference shares of ₹1,00,000. Unclaimed dividend during the year is ₹2,000. Cash outflow for dividend paid under financing activities will be _____.
(Fill in the blank)
17. A company has issued 8% Debentures of ₹10,00,000 at a discount of 5% redeemable at a premium of 10% after 5 years. Cash inflow from financing activities will be _____.
(Fill in the blank)
18. A plant having book value ₹80,000, accumulated depreciation being ₹20,000, is sold at a profit of ₹8,000. Amount that will be shown as cash inflow under investing activities will be _____.
(Fill in the blank)
19. Decrease in trade payables is deducted to calculate cash flows from operating activities. True/False? Give reason.
20. Which of the following will not result into cash inflow? (Choose the correct alternative)
(a) Decrease in debtors
(b) Issues of shares
(c) Decrease in creditors
(d) Sale of fixed assets
21. Goodwill written off is added while calculating cash flow from operating activities. True/False? Give reason.
22. State whether the following will increase, decrease or have no effect on cash flow from operating activities while preparing 'Cash Flow Statement':
Decrease in outstanding employees benefits expenses by ₹3,000
23. State whether the following will increase, decrease or have no effect on cash flow from operating activities while preparing 'Cash Flow Statement':
'Unexpired insurance of ₹2,000 at the end of the year'
24. Net increase in working capital other than cash and cash equivalents will increase cash flow from operating activities. True/False? Give reason.
25. Depreciation is added back to net profit while calculating cash flows from operating activities. True/False? Give reason.
26. 'Shree Ltd.' was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements the company issued equity shares of ₹30,00,000. It purchased a computerized machine of ₹20,00,000. It also purchased raw material amounting to ₹2,00,000. During the current year the Net Profit of the company was ₹15,00,000.
Cash flows from operating, investing and financing activities from the above transactions will be _____.
(Fill in the blank)
27. The patents of X Ltd. increased from ₹3,00,000 in 2018-19 to ₹3,50,000 in 2019-20. What will be its treatment while preparing Cash Flow Statement for the year ended 31st March 2020?
28. Finserve Ltd is carrying on a Mutual Fund business. It invested ₹30,00,000 in shares and ₹15,00,000 in debentures of various companies during the year. It received ₹3,00,000 as dividend and interest. Cash flows from investing activities will be _____.
(Fill in the blank)