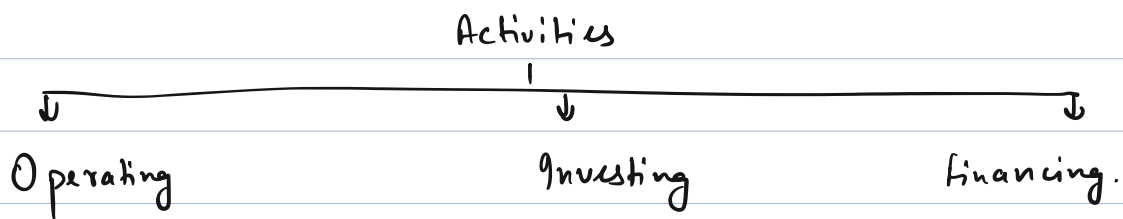
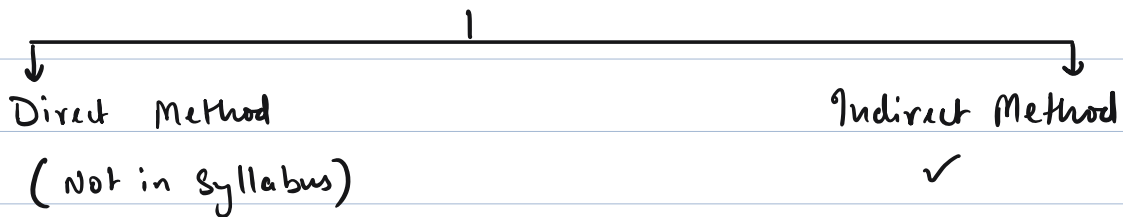


Accountancy class 12
[CBSE]

Vol - 3 Analysis of financial statements

Cash Flow Statements

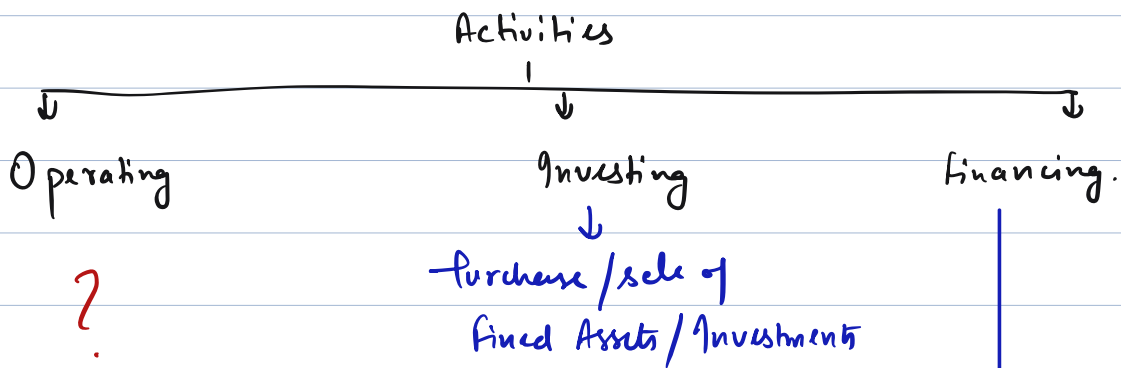
Accounting Standard - 3 [ICAI]



Why to prepare CFS?

Method of Accounting → Accrued. ✓
→ Cash Basis X } - Gap.
↓
CFS.

M.C → * Current A/c → 10,000 — 25,000
→ * P&L A/c → Profit 10,000 — 5,000.



→ Indirect Approach.

↓
P&L → Profit
(Accrual)

Adj for Non Cash & Non op
Adj for W.C changes.

↓

Shares ← eg Pref
Debtures
Loans.
Issue (proceeds)
redemption (pay back)

Costs → Int,
dividend.

Investing Activity

Proceeds from Sale of F.A.	xxx (Inflow)
Proceeds from Sale of Investments	xxx (Inflow)
Purchase of F.A.	(xx) (Outflow)
Purchase of Investments	(xx) (Outflow)
Rent/Interest/dividend from any building/advance/investment	xxx (Inflow)
Cash generated or Cash used in investing activities	xxxxx.