

# Rewanchal Software Limited: Statement of Cash Flow

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## List of Transactions for Rewanchal Software Ltd. (RSL)

- ❑ On March 1, Rewanchal & others invest Rs. 50,000 in cash in RSL.
- ❑ On March 2, Rewanchal took a loan of Rs. 20,000 from Venu for RSL.
- ❑ On March 3, RSL purchased for cash two computers, each costing Rs. 29,000.
- ❑ On March 4, RSL purchased supplies for floppy disks and stationary for Rs. 6,000 on credit.
- ❑ On March 19, RSL completes its maiden sale of software to a retail store and receives a price of Rs. 12,000.
- ❑ On March 21, RSL pays Rs. 2,000 to its creditors for supplies.
- ❑ On March 29, RSL pays salaries to its employees, amounting to Rs. 4,000 and as office rent Rs. 1,200.
- ❑ On March 30, RSL completes and e-mails a software package for a shoe shop. The customer agrees to pay the price of Rs. 8,000 a week later.
- ❑ On March 31, Rewanchal withdraws Rs. 3,500 for his personal use.

# Required

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- ❑ Prepare the month end “Statement of Cash Flow” of Rewanchal Software Limited?
- ❑ Hint: Separate Operating, Investing, and Financing Activities
- ❑ What is your comment on the companies liquidity position?
- ❑ Can you link all the three financial statements of Rewanchal Software Limited (i.e., Balance Sheet, Income Statement, and Statement of Cash Flow)

**Financial Statements for Ram Software Limited****Statement of Cash Flows (for the year ended March 31)****Cash Flows from Operating Activities**

cash received from customers	12000	
cash paid to supplies and employees	-7200	
Net cash provided by operating employees		4800

**Cash Flows from Investing Activities**

purchase of office equipment	-58000	
Net cash used in investing activities		-58000

**Cash Flows from Financing Activities**

Capital invested by owner	50000	
withdrawal by owner	-3500	
loan	20000	
Net cash provided by financing activities		66500

Net increase in cash		13300
Beginning balance		0
Ending balance		13300

Ram Software Limited: Balance Sheet as on March 31			
Assets		Liabilities & Owners Equity	
Cash	13300	Creditors	24000
Debtors	8000	Owner's Equity	
		Investment	50000
		add Profit	14800
Supplies	6000	less Withdrawal	3500
Office Equipment	58000		61300
	85300		85300

Financial Statements for Ram Software Limited		
Profit and Loss Account (for the year ended March 31)		
<b>Revenues</b>		
Sales of Software		20000
<b>Expenses</b>		
Rent	1200	
Salaries	4000	
Total Expenses		5200
<b>Net Profit</b>		<b>14800</b>

Financial Statements for Ram Software Limited		
Statement of Cash Flows (for the year ended March 31)		
<b>Cash Flows from Operating Activities</b>		
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purchase of office equipment	-58000	
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<b>Cash Flows from Financing Activities</b>		
Capital invested by owner	50000	
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Net cash provided by financing activities		66500
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Ram Software Limited Statement of Retained Earnings Year Ended March 31		
Retained earnings, March 1	Rs.	0
Add: Net income for the month		<u>14,800</u>
		Rs. 14,800
Less: Dividends		<u>(3,500)</u>
Retained Earnings, March 31		<u>Rs. 11,300</u>

Can you connect them?

# Thank You

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