

### ASSESSMENT # 4

Total Marks: 30

#### Answer the following questions:

1. There are some expenses that are included in profit and loss accounts but added back while preparing cash flow statements. List these expenses and explain with examples 'why these expenses should be added back while preparing cash flow statements'? (10)
2. Why a company with very high net profits can still be in cash flow problems? List and explain three main reasons using examples. (10)
3. Why effective maintenance of working capital is necessary in a business? List and explain major sources of inward cash flow in a business. (10)