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Class:-B.Com Part 3
Subject:-Management



Problem 12

The following are the summarised Balance Sheet of Ujas Ltd. for the year 2016 and 2017 :

Balance Sheet (as at.....)

Particulars	Note No.	2017	2016
		₹	₹
I. EQUITY & LIABILITIES			
1. Shareholders' Funds :			
Share Capital		25,000	20,000
Securities Premium Reserve		1,000	—
Profit on Sale of Fixed Assets		250	—
Profit on Redemption of Debentures		50	—
Statement of Profit and Loss		4,500	1,500
Profit for the year		5,000	3,000
2. Non-current Liabilities :			
8% Debentures		4,000	5,000
3. Current Liabilities			
		11,200	13,500
	Total (1 + 2 + 3)	51,000	43,000
II. ASSETS			
1. Non-current Assets :			
Fixed Assets		40,000	33,000
Less : Depreciation		(10,000)	(8,000)
		30,000	25,000
2. Current Assets			
		21,000	18,000
	Total (1 + 2)	51,000	43,000

During the year 2017, fixed assets costing ₹ 2,000 (Depreciation ₹ 1,000) were sold at a profit of ₹ 250. Prepare the Statement showing Changes in Working Capital and Funds Flow Statement.

Solution Statement Showing Changes in Working Capital

Particulars	2016	2017	Working Capital Changes	
			Increase	Decrease
	₹	₹	₹	₹
Current Assets (A)	18,000	21,000	3,000	—
Current Liabilities (B)	13,500	11,200	2,300	—
Working Capital (A - B)	4,500	9,800	—	5,300
Increase in Working Capital	5,300	—	5,300	5,300
	9,800	9,800	5,300	5,300

Funds Flow Statement

Sources of Funds	₹	Uses of Funds	₹
Funds from Operations (Note 1)	8,000	Redemption of Debentures (Note 3)	8,000
Issues of Share Capital (with Share Premium)	6,000	Purchases of Fixed Assets (Note 4)	9,000
Sale of Fixed Assets (Note 2)	1,250	Increase in Working Capital	5,250
	15,250		15,250

Working Notes :

1. Statement of Adjusted Profit & Loss

Particulars	Amount	Amount
	₹	₹
Balance of Statement of Profit and Loss		5,000
₹ (4,500 + 5,000) - ₹ (1,500 + 3,000)		8,000
Add : Non-operating / Non-cash Expenses :		
Depreciation		3,000
Funds from Operation		8,000

2. Cost of Fixed Assets Sold
Less : Depreciation

Profit on Sale

Sale Price

3. Nominal Value of Debentures Redeemed (₹ 5,000 - 4,000)
Less : Profit on Redemption

Account Paid

4. Fixed Assets Account

	₹		₹
To Balance b/d	25,000	By Sale	1,250
To Profit on Sale	250	By Depreciation	3,000
To Purchase (Bal. fig.)	9,000	By Balance c/d	30,000
	34,250		34,250

Dr.