

**Dr. UTTAM KUMAR**  
**S.R.A.P College, Barachakia**  
**Class:-B.Com Part 3**  
**Subject:-Management**



### Problem 6

The following informations have been taken from the liabilities side of Balance Sheets of Tinku Ltd. :

	31st March	
	2016	2017
	₹	₹
8% Debentures	4,00,000	2,00,000
Profit on Redemption of Debenture	—	10,000

Find out the amount of redemption for the purpose of Fund-Flow Statement.

### Solution

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### Debenture Account

Particulars	₹	Particulars	₹
To Profit on Redemption of Debenture	10,000	By Balance b/d (2016)	4,00,000
To Cash/Bank A/c (Redemption of Deb.)	1,90,000		
To Balance c/d	2,00,000		
₹	4,00,000	₹	4,00,000

### Problem 7

How will you deal with these items in the Fund-Flow Statement :

- Provision for Taxation (1-1-2016)
- Provision for Taxation (1-1-2017)
- Tax Paid

₹  
1,20,000  
1,60,000  
1,00,000

Solution

**FIRST METHOD****Statement of Changes in Working Capital**

	1-1-2016	1-1-2017	Effect on Working Capital	
			Increase	Decrease
	₹	₹	₹	₹
<i>Current Liabilities :</i> Provision for Taxation	1,20,000	1,60,000	—	40,000

**SECOND METHOD**

When Provision for Taxation is assumed to be P/L Appropriation :

**(i) Provision for Taxation Account**

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Particulars	₹	Particulars	₹
To Cash A/c (Tax Paid)	1,00,000	By Balance b/d	1,20,000
To Balance c/d	1,60,000	By Statement of Adjusted P/L (Bal. Fig.)	1,40,000
₹	2,60,000	₹	2,60,000

**(ii) Fund Flow Statement**

Sources of Fund	₹	Application of Fund	₹
		Payment of Tax	1,00,000
₹		₹	1,00,000

**(iii) Statement of Adjusted P/L**

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Particulars	₹
Net Profit	—
Add : Non-operating Expenses :	1,40,000
Provision for Taxation	1,40,000
Funds from Operations	1,40,000