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SUB-MANAGEMENT ACCOUNTING

CLASS-B.COM PART-3

Chapter

Fund Flow Statement



Problem 6

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

	31st March	
	2012	2013
	₹	₹
8% Debenture	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

Dr.		Debenture Account		Cr.	
Particulars	₹	Particulars	₹		
To Profit on Redemption of Debenture	10,000	By Balance b/d (2012)	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 (1-1-2012)	1,20,000
Provision for Taxation (1-1-2013)	1,60,000
Tax Paid	1,00,000

FIRST METHOD

Statement of Changes in Working Capital

	1-1-2012	1-1-2013	Effect on Working Capital	
			Increase	Decrease
	₹	₹	₹	₹
Current Liabilities				
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

Cr.

Dr.				Cr.	
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 Adjusted P/L A/c (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) Adjusted P/L Account

Cr.

Dr.				Cr.	
Particulars	₹	Particulars		₹	
To Provision for Taxation	1,40,000				
	₹ 1,40,000			₹	