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



Problem 8

The Balance Sheets of a Limited Company as at 31st March, 2016 and 31st March, 2017 were as follows :

Balance Sheet of a Ltd. Co.
(as at 31st March, 2016 & 2017)

Particulars	Note No.	2017	2016
		₹	₹
I. EQUITY & LIABILITIES			
1. Shareholders' Funds :			
Share Capital		65,000	45,000
General Reserve		7,500	5,000
Statement of Profit and Loss		15,000	10,000
Securities Premium Reserve		1,500	1,000
Preliminary Expenses		(500)	(1,000)
2. Non-current Liabilities :			
Debentures		20,000	10,000
3. Current Liabilities :			
Trade Payable (Creditors)		15,000	12,700
Total (1 + 2 + 3)		1,23,500	82,700
II. ASSETS			
1. Non-current Assets :			
Fixed Assets		84,500	47,700
2. Current Assets :			
Inventory (Stock)		13,000	11,000
Trade Receivables (Debtors)		19,500	18,000
Cash and Cash Equivalentents :			
Cash		6,500	6,000
Total (1 + 2)		1,23,500	82,700

Prepare a Schedule of Changes in Working Capital and Statement of Sources and Application of Funds.

Solution

Schedule of Changes in Working Capital

Particulars	31st March		Working Capital Changes	
	2016	2017	Increase	Decrease
	₹	₹	₹	₹
Current Assets :				
Stock	11,000	13,000	2,000	—
Debtors	18,000	19,500	1,500	—
Cash	6,000	6,500	500	—
	35,000	39,000		

Current Liabilities :

Creditors

12,700

15,000

12,700

15,000

22,300

24,000

1,700

—

24,000

24,000

4,000

Working Capital

Increase in Working Capital

Statement of Sources and Application of Funds

<i>Sources of Funds</i>	₹	<i>Application of Funds</i>	₹
Funds from Operations (Note 1)	8,000	Purchases of Fixed Assets	36,800
Issue of Share Capital	20,000	Increase in Working Capital	1,700
Securities Premium Reserve (₹ 1,500 – 1,000)	500		
Issue of Debentures	10,000		
	<u>38,500</u>		<u>38,500</u>

Working Note :

Statement of Adjusted Profit and Loss

<i>Particulars</i>	<i>Amount</i>	<i>Amount</i>
	₹	₹
Balance of Statement of Profit and Loss (₹ 15,000 – 10,000)		5,000
Add : Non-operating / Non-cash Expenses :		
General Reserve	2,500	
Preliminary Expenses Written off	500	
	<u>3,000</u>	
Funds from Operations		3,000