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



Problem 22

Balance Sheet of M/s Alam & Sons as on 2016 and 2017 were as follows

Liabilities	2016		2017		Assets	2016	
	₹	₹	₹	₹		₹	₹
Creditors	40,000	44,000	Cash	10,000			
Loan	25,000	—	Debtors	30,000			
Loan from S.B.I.	40,000	50,000	Machinery (Net)	80,000			
Capital	1,25,000	1,53,000	Investment	35,000			
			Land	40,000			
			Building	35,000			
	<u>2,30,000</u>	<u>2,47,000</u>		<u>2,30,000</u>			

Additional Informations :

During the year a machine costing ₹ 10,000 (accumulated Dep. ₹ 3,000) sold for ₹ 5,000. The provision for depreciation against machinery as on 2016 was ₹ 25,000 and on 2017 ₹ 40,000. Net Profit for the year 2016 amounted to ₹ 45,000. Dividend received during the year amounted to ₹ 5,000.

Prepare a Funds Flow Statement.

Solution

Schedule of Change in Working Capital

Particulars	31st March		Changes in Working Capital	
	2016	2017	Increase	Decrease
Cash	₹ 10,000	₹ 7,000	—	
Debtors	30,000	50,000	20,000	
Creditors	40,000	57,000		
	40,000	44,000	—	
Working Capital	40,000	44,000		
Increase in Working Capital	—	13,000		
	13,000	—		
	<u>13,000</u>	<u>13,000</u>	<u>20,000</u>	

Fund Flow Statement

Sources of Funds	Amount	Application of Funds	Amount
Funds from Operations	₹ 60,000	Redemption of Loan	
Loan from SBI	10,000	Drawings*	

FUND-FLOW STATEMENT

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of Machine	5,000	Purchase of Land	10,000
of Investment	10,000	Purchase of Building	25,000
Dividend Recovered	5,000	Increase of W.C.	13,000
	90,000		90,000

Drawings = (₹ 1,25,000 + 45,000 - 1,53,000) = ₹ 17,000.

Statement of Adjusted Profit & Loss

<i>Particulars</i>	<i>Amount</i>
	₹
Profit for the year	45,000
<i>Add: Non-operating / Non-cash Expenses :</i>	
Loss on Sale of Machinery	2,000
Dep. on Machinery	18,000
	65,000
<i>Less: Non-operating Income :</i>	
Dividend Recovered	5,000
Funds from Operations	60,000