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



**Problem 38**

Balance Sheets of Kiran Ltd. as on 31st March, 2016 and 2017 were as follows:

**Balance Sheet of Kiran Ltd.**

(as at...)

<i>Particulars</i>	<i>Note No.</i>	<i>2017</i>	<i>2016</i>
		₹	₹
<b>I. EQUITY &amp; LIABILITIES</b>			
1. <i>Shareholders' Funds :</i>			
Share Capital		6,50,000	5,00,000
Securities Premium Reserve		—	50,000
Statement of Profit and Loss		25,000	—
2. <i>Non-current Liabilities :</i>			
Debentures		—	2,00,000
Proposed Dividends		15,000	10,000
Provision for Taxation		25,000	20,000

3. Current Liabilities :

Creditors } Trade Payables  
Bills Payable }

Total (1 + 2 + 3)

40,000	30,000
35,000	30,000
<u>7,90,000</u>	<u>8,40,000</u>

II. ASSETS

1. Non-current Assets :

Fixed Assets (Tangible)

Goodwill (Intangible)

Trade Investments

2. Current Assets :

Inventory (Stock)

Trade Receivables (Debtors)

Cash & Cash Equivalents :

Cash

Bank Overdraft

Prepaid Expenses

Total (1 + 2)

5,50,000	5,50,000
15,000	20,000
2,00,000	1,50,000
80,000	1,20,000
40,000	60,000
5,000	12,000
(1,00,000)	(80,000)
—	8,000
<u>7,90,000</u>	<u>8,40,000</u>

Additional Informations :

(i) Net profit for 2016-17 before tax and dividend was ₹ 63,000.

(ii) Provision for tax made during 2016-17 was ₹ 23,000 and actual tax paid was ₹ 18,000.

(iii) Proposed dividend for 2016-17 was ₹ 15,000 and the payment of the proposed dividend for 2015-16 was made in the year 2016-17.

(iv) Depreciation charged in current year was ₹ 80,000.

(v) Bonus shares issued out of share premium ₹ 50,000.

Prepare a Funds Flow Statement.

Solution **Statement of Changes in Working Capital**

Particulars	31st March		Working Capital Changes	
	2016	2017	Increase	Decrease
	₹	₹	₹	₹
<b>Current Assets :</b>				
Debtors	60,000	40,000	—	20,000
Stock	1,20,000	80,000	—	40,000
Cash	12,000	5,000	—	7,000
Prepaid Expenses	8,000	—	—	8,000
	<u>2,00,000</u>	<u>1,25,000</u>	—	
<b>Current Liabilities :</b>				
Bank Overdraft	80,000	1,00,000	—	20,000
Trade Payables (Creditors + B/P)	60,000	75,000	—	15,000
	<u>1,40,000</u>	<u>1,75,000</u>		
<b>Working Capital</b>	<u>60,000</u>	<u>(50,000)</u>		
<b>Decrease in Working Capital</b>		1,10,000	1,10,000	—
	<u>60,000</u>	<u>60,000</u>	<u>1,10,000</u>	<u>1,10,000</u>