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



Problem 34

Prepare a Fund Flow Statement from the following data of Bhardwaj Ltd. :

	<u>31st March</u>	
	2017	2016
	₹	₹
Cash	8,344	4,652
Accounts Receivable	12,650	18,170
Allowances for Bad Debts	1,750	1,860
Merchandise	23,875	24,640
Furniture and Fixtures	17,500	12,000
Truck	19,000	11,500
Accumulated Dep. on Truck	4,500	3,000
Accounts Payable	22,122	19,280
Capital	50,000	50,000
Retained Earnings (+) Profit (-) Loss	+ 2,997	- 3,178

A dividend of ₹ 5,000 was paid in 2017. Depreciation on furniture and fixtures amounted to ₹ 1,200 in 2017. It was credited to Assets A/c.

Solution

Statement of Adjusted Profit and Loss

Retained Earnings of 2017
 Less : Retained Earnings of 2016

Add : Depreciation on Furniture & Fixtures
 Add : Depreciation on Truck (₹ 4,500 - 3,000)
 Add : Dividend paid

₹
 + 2,997
 - 3,178
 6,175
 1,200
 1,500
 5,000
 ₹ 13,875
 Cr.

Dr. Furniture and Fixtures Account

Particulars	₹	Particulars	₹
To Balance b/d	12,000	By Dep. on Furniture & Fixtures	1,200
To Cash Purchase (Bal. Fig.)	6,700	By Balance c/d	17,500
	₹ 18,700		₹ 18,700

Statement of Changes in Working Capital

	Current Year 2017	Previous Year 2016	Effect on Working Capital	
			Increase	Decrease
Current Assets :	₹	₹	₹	₹
Cash	8,344	4,652	3,692	—
Accounts Receivable	12,650	18,170	—	5,520
Merchandise	23,875	24,640	—	765
	44,869	47,462		
Current Liabilities :				
Accounts Payable	22,122	19,280	—	2,842
Allowance for Bad Debts	1,750	1,860	110	—
	23,872	21,140		
Net Decrease in Working Capital			5,325	—
			9,127	9,127

Fund Flow Statement

Sources	Amount	Application	Amount
Funds from Operation	₹ 13,875	Purchase of Furniture	₹ 6,700
Net Decrease in Working Capital	5,325	Purchase of Truck (₹ 19,000 - 11,500)	7,500
		Payment of Dividend	5,000
	₹ 19,200		₹ 19,200