

**8210561032**

**SUB-MANAGEMENT ACCOUNTING  
CLASS-B.COM PART-3**

**Chapter**

**Fund Flow Statement**



## 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



Solution

## 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

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

Dr.

## (iii) Adjusted P/L Account

Cr.

Particulars	₹	Particulars	₹
To Provision for Taxation	1,40,000		
₹	1,40,000	₹	