

Sub:- Management Accounting

Unit-II Fund Flow Statement

Problem 1. the following is the balance sheet of Jaya co. ltd. As on 31 dec.2010 & 2011

Balance sheet

Liabilities	2010	2011	Assets	2010	2011
Share Capital	100000	120000	Goodwill	15000	13000
Profit/loss a/c	25000	45000	Building	50000	45000
Debenture	50000	75000	Machinery	100000	120000
creditors	10000	15000	Furniture	1000	2000
Bills Payable	1000	2000	Investment	.....	60000
Provision for Dep. On			Debtors	13000	12000
Building	5000	7000	Stock	12000	11000
Machinery	3000	4000	Cash	2000	4500
			Priliminary Exp.	1000	500
	194000	268000		194000	268000

ADDITIONAL INFORMATION

- ✘ 1. A Part of building of the original cost of Rs 5000 on which accumulated depreciation was Rs 500 was sold during the year 2011 for Rs. 6000.
 - ✘ 2. One Machine costing Rs 10000 on which accumulated depreciation Rs. 300 was sold during the year for Rs. 8000 in 2011.
 - ✘ 3. An Interim Dividend Paid during the year 2011 was Rs. 15000.
- you are required to prepare a Fund flow Statement.

Statement Showing Changes in Working Capital

Particulars	2010	2011	Effect in working capital	
			Increase	Decrease
Current Assets				
Cash	2000	4500	2500	.....
Stock	12000	11000	.....	1000
Debtors	13000	12000	.....	1000
Total Current Assets (A)	27000	27500		
Current Liabilities				
Creditors	10000	15000	.....	5000
Bills Payable	1000	2000	.....	1000
Total Current Liabilities	11000	17000		
Working Capital	16000	10500		
Decrease in working capital		5500	5500	
	16000	16000	8000	8000

Adjusted Profit & Loss A/c

Particulars	Amt	Particulars	Amt.
To Written of Goodwill	2000	By opening bal.	25000
To Written of Preliminary Exp	500	By profit on sale of Building	1500
To Dep. On Building	2500		
To Dep. On Machinery	1300	By Operating Profit	41500
To loss on sale of machinery	1700		
To Interim Dividend	15000		
To closing bal.	45000		
	68000		68000

Fund Flow Statement

Sources	Amt	Uses/Application	Amt
Issue of share capital	20000	Purchase of Machinery	30000
issue of debenture	25000	purchase of furniture	1000
Sales of building	6000	Purchase of Investment	60000
sales of machinery	8000	Interim Dividend paid	15000
operating profit	41500		
Decrease in w. c.	5500		
	106000		106000

Working Note:-**Building A/c**

Particulars	Amt	Particular	Amt
To opening bal.	50000	By bank (sale of Building.)	6000
To Adj.P/L A/c (profit on sale)	1500	By Depreciation	500
		By closing bal.	45000
	51500		51500

Machinery A/c

Particulars	Amt	Particular	Amt
To opening bal.	100000	By bank (sale of Mach.)	8000
ToBank (Purchase of mach.).	30000	By P/L A/c (Loss.on sale of mac.)	1700
		By Depreciation	300
		By Closing Bal	120000
	130000		130000

Provision for Dep.on Building A/c

Particulars	Amt	Particular	Amt
To Dep.on Building A/c	500	By opening bal	5000
		By Adj. P/L A/c (Dep.on building)	2500
To closing bal	7000		
	7500		7500

Provision for Dep.on machinery A/c

Particulars	Amt	Particular	Amt
To Dep.on Machinery A/c	300	By opening bal	3000
		By Adj. P/L A/c (Dep.on Machinery)	1300
To closing bal	4000		
	4300		4300

Problem No.2

The following are the Balance sheet of A com. For the last two year

Balance sheet

Liabilities/Assets	2015	2014
Liabilities		
Share capital	200000	100000
Mortgage Loan	25000	30000
creditors	40000	30000
bills payable	18000	28000
Outstanding Exp	5000	3000
General Reserve	8000	5000
Profit/loss A/c	18000	18000
Accumulated depreciation on Build	3000	4000
	317000	218000
Assets		
Building	20000	15000
Land	30000	25000
Plant	20000	40000
Stock	30000	20000
Debtors	40000	30000
Cash	10000	5000
Bank	2000	8000
Goodwill	6000	12000
Bills Receivable	20000	30000
Investment	139000	33000
	317000	218000

Prepare Statement Showing Changes in Working Capital

Statement Showing Changes in Working Capital

Particulars	2014	2015	Effect in working capital	
			Increase	Decrease
Current Assets				
Cash	5000	10000	5000	.....
Bank	8000	2000	.....	6000
Stock	20000	30000	10000	.....
Debtors	30000	40000	10000	.....
Bills Receivable	30000	20000	.....	10000
Total Current Assets (A)	93000	102000		
Current Liabilities				
Creditors	30000	40000	.....	10000
Bills Payable	28000	18000	10000	.....
Outstanding Exp	3000	5000		2000
Total Current Liabilities (B)	61000	63000		
Working Capital(A-B)	32000	39000		
Increase in working capital	7000			7000
	39000	39000	35000	35000

PROBLEM NO. 3

from the following Information Balance sheet of Mahesh Com. Ltd.

Prepare Fund flow statement

Balance sheet

as on 31 Dec-2010 & 31 Dec-2011

Liabilities	2010	2011	Assets	2010	2011
Share Capital	45000	45000	Fixed Assets	40000	32000
General Reserve	30000	31000	Investment	5000	6000
P & L A/c	5600	6800	Stock	24000	21000
Creditors	16800	13400	Debtors	21000	45500
Tax Provision	7500	1000	Bank Balance	14400	19700
Loan	-----	27000			
	104900	124200		104900	124200

Adjustment :-

1. Investment costing Rs 800 sold for Rs 850 & another Investment purchase for Rs 1800
2. Depreciation of fixed assets Rs 7000
3. Provision for Income Tax Rs. 1000
4. A part of fixed asset costing Rs. 1000 sold for Rs.1200
5. Dividend paid Rs. 4000

Statement Showing Changes in Working Capital

Particulars	2010	2011	Effect in working capital	
			Increase	Decrease
Current Assets				
Bank Balance	14900	19700	4800	.....
Stock	24000	21000	.....	3000
Debtors	21000	45500	24500	.....
Total Current Assets (A)	59900	86200		
Current Liabilities				
Creditors	16800	13400	3400	.....
Total Current Liabilities	16800	13400		
Working Capital	43100	72800		
Increase in working capital	29700			29700
	72800	72800	32700	32700

Adjusted Profit & Loss A/c			
Particulars	Amt	Particulars	Amt.
To Dep. on fixed asset	7000	By opening bal.	5600
To tax provision	1000	By profit on sale of investment	50
To General Reserve	1000	by profit on sale of fixed asset	200
To Dividend	4000		
		By Operating Profit	13950
To closing bal.	6800		
	19800		19800

Fund Flow Statement			
Sources	Amt	Uses/Application	Amt
sale of Investment	850	Purchase of Investment	1800
sale of fixed asset	1200	Tax Paid	7500
Loan Taken	27000	Dividend Paid	4000
operating Profit	13950		
		Increase in W.C	29700
	43000		43000

Working Note:-

Investment A/c

Particulars	Amt	Particular	Amt
to opening bal.	5000	by bank (sale of Invst.)	850
to profit on sale of invt.	50		
to bank (Purchase)	1800	by closing bal.	6000
	6850		6850

Fixed Asset A/c

Particulars	Amt	Particular	Amt
to opening bal.	40000	by bank (sale of F.A.)	1200
to profit on sale of F.A.	200	by P/L A/c (dep. On F.A)	7000
		by closing bal.	32000
	40200		40200

Provision for tax A/c

Particulars	Amt	Particular	Amt
to bank (Tax paid)	7500	by opening bal	7500
		by adj. P/L A/c (Tax provision	1000
to closing bal	1000		
	8500		8500

Problem no. 4

from the following Information Balance sheet of Amit Com. Ltd.

Balance sheet as on 31 dec. 2010 & 2011

Liabilities	2010	2011	Assets	2010	2011
Share Capital	450000	450000	Fixed Assets	400000	320000
General Reserve	300000	310000	Investment	50000	60000
P & L A/c	56000	68000	Stock	240000	210000
Creditors	168000	134000	Debtors	210000	455000
Tax Provision	75000	10000	Bank Balance	144000	197000
Loan	-----	270000			
	1049000	1242000		1049000	1242000

Adjustment :-

1. Investment costing Rs 8000 sold in 2011 for Rs 8500
- 2 Provision for Tax Rs. 10000
3. A part of fixed asset costing Rs. 10000 sold for Rs.12000 and the profit included
4. Dividend paid during the year 2011 Rs. 40000

Statement Showing Changes in Working Capital

Particulars	2010	2011	Effect in working capital	
			Increase	Decrease
Current Assets				
Bank Balance	149000	197000	48000	.....
Stock	240000	210000	.....	30000
Debtors	210000	455000	245000	.....
Total Current Assets (A)	599000	862000		
Current Liabilities				
Creditors	168000	134000	34000	.....
Total Current Liabilities	168000	134000		
Working Capital	431000	728000		
Increase in working capital	297000			297000
	728000	728000	327000	327000

Adjusted Profit & Loss A/c

Particulars	Amt	Particulars	Amt.
To Dep. on fixed asset	70000	By opening bal.	56000
To tax provision	10000	By profit on sale of investment	500
To General Reserve	10000	by profit on sale of fixed asset	2000
To Dividend	40000		
		By Operating Profit	139500
To closing bal.	68000		
	198000		198000

Fund Flow Statement

Sources	Amt	Uses/Application	Amt
sale of Investment	8500	Purchase of Investment	18000
sale of fixed asset	12000	Tax Paid	75000
Loan Taken	270000	Dividend Paid	40000
operating Profit	139500		
		Increase in W.C	297000
	430000		430000

Working Note:-

Investment A/c

Particulars	Amt	Particular	Amt
to opening bal.	50000	by bank (sale of Invst.)	8500
to profit on sale of invt.	500		
to bank (Purchase)	18000	by closing bal.	60000
	68500		68500

Fixed Asset A/c

Particulars	Amt	Particular	Amt
to opening bal.	400000	by bank (sale of F.A.)	12000
to profit on sale of F.A.	2000	by P/L A/c (dep. On F.A)	70000
		by closing bal.	320000
	402000		402000

Provision for tax A/c

Particulars	Amt	Particular	Amt
to bank (Tax paid)	75000	by opening bal	75000
		by adj. P/L A/c (Tax provision	10000
to closing bal	10000		
	85000		85000

Problem no.5

M/A-2014

the following is the balance sheet of Jaya co. ltd. As on 31 dec.2010 & 2011

Balance sheet

Liabilities	2010	2011	Assets	2010	2011
Share Capital	100000	120000	Goodwill	15000	13000
Profit/loss a/c	25000	45000	Building	50000	45000
Debenture	50000	75000	Machinery	100000	120000
creditors	10000	15000	Furniture	1000	2000
Bills Payable	1000	2000	Investment	.....	60000
Provision for Dep. On			Debtors	13000	12000
Building	5000	7000	Stock	12000	11000
Machinery	3000	4000	Cash	2000	4500
			Priliminary Exp.	1000	500
	194000	268000		194000	268000

Adjustment :-

1. Investment costing Rs 800 sold for Rs 850 & another Investment purchase for Rs 1800
2. Depreciation of fixed assets Rs 7000
3. Provision for Income Tax Rs. 1000
4. A part of fixed asset costing Rs. 1000 sold for Rs.1200
5. Dividend paid Rs. 4000

Statement Showing Changes in Working Capital

Particulars	2010	2011	Effect in working capital	
			Increase	Decrease
Current Assets				
Bank Balance	14900	19700	4800	.....
Stock	24000	21000	.....	3000
Debtors	21000	45500	24500	.....
Total Current Assets (A)	59900	86200		
Current Liabilities				
Creditors	16800	13400	3400	.....
Total Current Liabilities	16800	13400		
Working Capital	43100	72800		
Increase in working capital	29700			29700
	72800	72800	32700	32700

Working Note:-

Investment A/c

Particulars	Amt	Particular	Amt
to opening bal.	5000	by bank (sale of Invst.)	850
to profit on sale of invt.	50		
to bank (Purchase)	1800	by closing bal.	6000
	6850		6850

Fixed Asset A/c

Particulars	Amt	Particular	Amt
to opening bal.	40000	by bank (sale of F.A.)	1200
to profit on sale of F.A.	200	by P/L A/c (dep. On F.A)	7000
		by closing bal.	32000
	40200		40200

Provision for tax A/c

Particulars	Amt	Particular	Amt
to bank (Tax paid)	7500	by opening bal	7500
		by adj. P/L A/c (Tax provision	1000
to closing bal	1000		
	8500		8500

Problem no. 6

from the following Information Balance sheet of Amit Com. Ltd.

Balance sheet as on 31 dec. 2010 & 2011

Liabilities	2010	2011	Assets	2010	2011
Share Capital	450000	450000	Fixed Assets	400000	320000
General Reserve	300000	310000	Investment	50000	60000
P & L A/c	56000	68000	Stock	240000	210000
Creditors	168000	134000	Debtors	210000	455000
Tax Provisision	75000	10000	Bank Balance	144000	197000
Loan	-----	270000			
	1049000	1242000		1049000	1242000

Adjustment :-

1. Investment costing Rs 8000 sold in 2011 for Rs 8500
- 2 Provision for Tax Rs. 10000
3. A part of fixed asset costing Rs. 10000 sold for Rs.12000 and the profit included
4. Dividend paid during the year 2011 Rs. 40000

Statement Showing Changes in Working Capital

Particulars	2010	2011	Effect in working capital	
			Increase	Decrease
Current Assets				
Bank Balance	149000	197000	48000	.....
Stock	240000	210000	.....	30000
Debtors	210000	455000	245000	.....
Total Current Assets (A)	599000	862000		
Current Liabilities				
Creditors	168000	134000	34000	.....
Total Current Liabilities	168000	134000		
Working Capital	431000	728000		
Increase in working capital	297000			297000
	728000	728000	327000	327000

Adjusted Profit & Loss A/c

Particulars	Amt	Particulars	Amt.
To Dep. on fixed asset	70000	By opening bal.	56000
To tax provision	10000	By profit on sale of investment	500
To General Reserve	10000	by profit on sale of fixed asset	2000
To Dividend	40000		
		By Operating Profit	139500
To closing bal.	68000		
	198000		198000

Fund Flow Statement

Sources	Amt	Uses/Application	Amt
sale of Investment	8500	Purchase of Investment	18000
sale of fixed asset	12000	Tax Paid	75000
Loan Taken	270000	Dividend Paid	40000
operating Profit	139500		
		Increase in W.C	297000
	430000		430000

Working Note:-

Investment A/c

Particulars	Amt	Particular	Amt
to opening bal.	50000	by bank (sale of Invst.)	8500
to profit on sale of invt.	500		
to bank (Purchase)	18000	by closing bal.	60000
	68500		68500

Fixed Asset A/c

Particulars	Amt	Particular	Amt
to opening bal.	400000	by bank (sale of F.A.)	12000
to profit on sale of F.A.	2000	by P/L A/c (dep. On F.A)	70000
		by closing bal.	320000
	402000		402000

Provision for tax A/c

Particulars	Amt	Particular	Amt
to bank (Tax paid)	75000	by opening bal	75000
		by adj. P/L A/c (Tax provision	10000
to closing bal	10000		
	85000		85000

Problem no.7

M/A-2014

the following is the balance sheet of Jaya co. ltd. As on 31 dec.2010 & 2011

Balance sheet

Liabilities	2010	2011	Assets	2010	2011
Share Capital	100000	120000	Goodwill	15000	13000
Profit/loss a/c	25000	45000	Building	50000	45000
Debenture	50000	75000	Machinery	100000	120000
creditors	10000	15000	Furniture	1000	2000
Bills Payable	1000	2000	Investment	.....	60000
Provision for Dep. On			Debtors	13000	12000
Building	5000	7000	Stock	12000	11000
Machinery	3000	4000	Cash	2000	4500
			Priliminary Exp.	1000	500
	194000	268000		194000	268000