

**UDHNA CITIZEN COMMERCE COLLEGE &
S.P.B. COLLEGE OF BUSINESS ADMINISTRATION &
SMT. DIWALIBEN HARJIBHAI GONDALIA COLLEGE OF BCA & IT**

(Self Financed)

(Managed by Udhna Academy Education Trust)

214, Ranchhod Nagar, Opp. Swaminarayan Temple, Surat-Navsari Road, SURAT-394 210

Class: T.Y.B.Com. (Sem. 5)

Subject: Advanced Accounting & Auditing 6

Fund Flow Statement

Class work Questions

Q.1 State whether the following transaction result in source or application of funds or does not affect funds.

- I. Sale of goods for cash at Rs. 25000
- II. Provided for bad debt reserve Rs. 20000
- III. Non-trading incomes Rs. 5000
- IV. Goods returned to the suppliers Rs. 10000.

(M.A.2008)

Q.2 The following information is taken from the balance sheet of a company:

Assets	31.03.2017	31.3.2018
	Rs.	Rs.
Stock	72000	90000

The company has valued the stock of the previous year by 10% less than its cost price, but in the beginning of the year that stock was valued back to its original cost. The closing stock of the current year is valued at cost. How would you show above information in fund flow statement?

Q.3 Following are the balances of Machinery Account and Depreciation Fund Account in a Balance Sheet of a company:

Date	Machinery Account	Depreciation Fund Account
1.1.2018	Rs. 700000	Rs. 200000
31.12.2018	Rs. 800000	Rs. 240000

A machinery was sold at a loss of Rs. 10000 on 31.12.2018. Book value of this machinery was Rs. 100000 and provision for depreciation was Rs. 60000.

From above details, prepare Machinery Account and Depreciation Fund Account and find out amount of purchase of machinery and amount provided for depreciation during current year.

Q.4

The following Balance Sheets are given:

Particulars	31-3-2023 Rs.	31-3-2024 Rs.
(1) Equity and Liabilities:		
(1) Shareholder's Funds:		
(a) Share Capital:		
Equity share capital	1,00,000	1,00,000
Redeemable Preference share	50,000	50,000
(b) Reserve and Surplus:		
Profit and Loss A/C	30,000	48,000
General Reserve	40,000	70,000
(2) Non-Current Liabilities		
(3) Current Liabilities:		
(a) Trade Liabilities:		
Creditors	55,000	83,000
Bills Payable	20,000	16,000
(b) Other Current Liabilities:		
(c) Short term Provision:		
Provision of Taxation	10,000	50,000
Proposed Dividend	2,000	50,000
Total Rs.	<u>77,000</u>	<u>17,000</u>
(2) Assets:		
(1) Non-Current Assets:		
(a) Fixed Assets:		

Tangible Assets:		
Land	,00,000	,70,000
Machinery	80,000	,00,000
Intangible Assets:		
Goodwill	,15,000	90,000
(2) Current Assets:		
(a) Materials:		
Stock	77,000	,09,000
(b) Trade Receivables:		
Debtors	,60,000	,00,000
Bill Receivable	20,000	30,000
(c) Cash and Equivalent Cash:		
Cash in hand	15,000	10,000
Cash at bank	10,000	8,000
Total Rs.	<u>77,000</u>	<u>17,000</u>

Additional Information:

1. Depreciation of Rs.20,000 on land and Rs.10,000 on Machinery has been charged during 2023-24.
2. Interim dividend of Rs.20,000 has been paid during 2023-24.
3. Income tax Rs.35,000 has been paid during 2023-24.

Prepare Fund Flow Statement.

(OCT-2024)

Q.5 Following are the balance sheets of Janki ltd. As on 31st March 2005 and 31st March 2006”

	Particulars	31.03.2005	31.03.2006
I	EQUITY AND LIABILITIES		
	1. Shareholders' Funds:		
	a. Share Capital		
	Equity Share capital	65000	100000
	b. Reserves and Surplus		
	Profit and Loss A/c	25000	37400
	c. Money received against share warrants		
	2. Share Application Money pending allotment		
	3. Non-Current Liabilities:		
	a. Long-term borrowings		
	b. Deferred Tax liability (Net)		

	c.	Other long term liabilities		
	d.	Long-term provisions		
		Accumulated depreciation:		
		Land and Buildings	12000	9000
		Furniture	6000	5600
		Motor vehicle	9000	17000
	4.	Current liabilities:		
	a.	Short-term borrowings		
	b.	Trade payables		
		Sundry Creditors	99999	111111
		Bills payable	20001	18889
	c.	Other current liabilities		
	d.	Short-term provisions:		
		Total	237000	299000
II		ASSETS		
	1	Non-Current Assets:		
	a.	Fixed Assets		
	1.	Tangible Assets		
		Land and Buildings at cost	29000	45000
		Furniture at cost	16000	11000
		Motor vehicle at cost	20000	41000
	2.	Intangible Assets		
	b.	Non-Current Investments	52100	40600
	c.	Long-term loans & Advances		
	d.	Other Non-Current Assets		
		Share issue expenses	-	6000
	2.	Current Assets:		
	a.	Current investments		
	b.	Inventories	62500	97600
	c.	Trade receivable		
		Debtors	39900	34100
	d.	Cash and cash equivalent		
		Cash	17500	23700
	e.	Short-term loans and advances		
	f.	Other Current Assets		
		Total	237000	299000

Additional information:

- (1) Building costing Rs.19,000 accumulated depreciation thereon being Rs.8,000 was sold for Rs.25,000.
- (2) No furniture was purchased during the year however part of the furniture on which accumulated depreciation provided Rs.1,000 was sold for Rs.2,500.
- (3) Investments are recorded in the books at cost price. Part of the investments being worthless was written off during the year.
- (4) One third of share expenses were written off during the year.

Prepare : (1) A statement showing changes in working capital

(2) A statement of sources of sources and application of fund.

(March April-2007)

Q.6 From the following balance sheet of Unmesh Ltd. and other information, prepare fund flow statement with necessary related accounts:

	Particulars	31.03.2006	31.03.2007
I	EQUITY AND LIABILITIES		
1.	Shareholders' Funds:		
a.	Share Capital		
	Equity Share capital	300000	400000
b.	Reserves and Surplus		
	General Reserve	80000	100000
	Profit and Loss A/c	30000	50000
c.	Money received against share warrants		
2.	Share Application Money pending allotment		
3.	Non-Current Liabilities:		
a.	Long-term borrowings: 15% Debentures	150000	100000
b.	Deferred Tax liability (Net)		
c.	Other long term liabilities		
d.	Long-term provisions		
4.	Current liabilities:		
a.	Short-term borrowings		
b.	Trade payables		
	Sundry Creditors	90000	70000
c.	Other current liabilities		
d.	Short-term provisions:		
	Provision for income tax	50000	40000
	Proposed dividend	30000	40000
	Total	730000	800000
II	ASSETS		
1	Non-Current Assets:		
a.	Fixed Assets		
1.	Tangible Assets		
	Plant and Machinery	298000	429250
2.	Intangible Assets : Goodwill	100000	90000
b.	Non-Current Investments	100000	60000
c.	Long-term loans & Advances		
d.	Other Non-Current Assets		
	Debenture Discount	8000	5000
2.	Current Assets:		
a.	Current investments		
b.	Inventories	50000	80000
c.	Trade receivable		
	Debtors	160000	110000
d.	Cash and cash equivalents		
	Cash and Banks b/s	10000	20000

e.	Short-term loans and advances: Prepaid expenses	4000	5750
f.	Other Current Assets		
	Total	730000	800000

Other information:

- (1) Rs.10,000 profit has been earned by sale of investment.
- (2) 15% debenture has been redeemed at 5% premium.
- (3) Rs.45,000 income-tax has been paid during the year.
- (4) A machine costing Rs.50,000 (depreciate value Rs.20,000) have been sold for Rs.35,000.
- (5) A machine costing Rs.10,000 (written down value Rs.3,000) has been discarded.
- (6) 15% depreciation has been charged in the accounts on plant and machinery.

(March April-2008)

Q.7 The balance sheet of sailesh Ltd. as on 31-3-2007 and 31-3-2008 are as follows:

	Particulars	31.03.2007	31.03.2008
I	EQUITY AND LIABILITIES		
1.	Shareholders' Funds:		
a.	Share Capital		
	Equity Share capital (Rs. 100)	240000	400000
	10% Pref. share capital (Rs. 10 each Rs. 7.5 paid up)	90000	-
b.	Reserves and Surplus		
	General Reserve	100000	90000
	Share Premium	20000	8000
	Profit and Loss A/c	40000	87000
c.	Money received against share warrants		
2.	Share Application Money pending allotment		
3.	Non-Current Liabilities:		
a.	Long-term borrowings: 15% Debentures	-	100000
b.	Deferred Tax liability (Net)		
c.	Other long term liabilities		
d.	Long-term provisions		
4.	Current liabilities:		
a.	Short-term borrowings		
b.	Trade payables: Creditors	60000	35000
c.	Other current liabilities: Bank overdraft	50000	-
d.	Short-term provisions:		
	Provision for taxation	25000	30000
	Proposed Dividend	25000	50000
	Total	650000	800000
II	ASSETS		
1	Non-Current Assets:		

	a.	Fixed Assets		
	1.	Tangible Assets		
		Land and Buildings	150000	200000
		Machinery	120000	250000
	2.	Intangible Assets: Goodwill	160000	80000
	b.	Non-Current Investments	60000	-
	c.	Long-term loans & Advances		
	d.	Other Non-Current Assets		
	2.	Current Assets:		
	a.	Current investments		
	b.	Inventories	40000	70000
	c.	Trade receivable		
		Debtors	80000	50000
		Bills receivable	20000	30000
	d.	Cash and cash equivalents		
		Cash	20000	30000
		Bank balance	-	90000
	e.	Short-term loans and advances		
	f.	Other Current Assets		
		Total	650000	800000

Additional Information :

During the year ending 31-3-2008

(1) Investment is sold at 25% profit on sales proceeds.

(2) Depreciations written off : On land and building Rs. 25000 , On Machinery Rs. 20000

(3) Company has redeemed preference share at 10% premium after complying with necessary requirement of Act. For this purpose the amount of Rs. 120000 has been transferred from general reserve to capital redemption reserve A/c.

(4) The company has issued bonus share to the exiting equity share holders from capital redemption reserve in the proportion 2:1.

(5) Debenture was issued at 4% discount.

(6) Rs. 30000 has been paid as tax for the last year.

From the above information, prepare fund flow statement with necessary related statement and necessary account.

(March April-2009)

Q.8 Following are the balance sheet of Aum Co. Ltd. On the basis of that prepare:

1. Schedule of changes in working capital
2. Fund Flow Statement

	Particulars	31.03.2008	31.03.2009
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I	EQUITY AND LIABILITIES		
1.	Shareholders' Funds:		
a.	Share Capital		
	Equity Share capital	200000	400000
	10% Pref. share capital (Rs. 100 each Rs. 80 paid up)	200000	40000
b.	Reserves and Surplus		
	General Reserve	75000	88000
	Share Premium	25000	7500
	Profit and Loss A/c	80000	100000
c.	Money received against share warrants		
2.	Share Application Money pending allotment		
3.	Non-Current Liabilities:		
a.	Long-term borrowings: 10% Debentures	50000	-
b.	Deferred Tax liability (Net)		
c.	Other long term liabilities		
d.	Long-term provisions		
4.	Current liabilities:		
a.	Short-term borrowings		
b.	Trade payables:		
	Creditors	40000	62500
	Bills payable	30000	15000
c.	Other current liabilities		-
d.	Short-term provisions:		
	Provision for taxation	35000	45000
	Proposed Dividend	25000	42000
	Total	760000	800000
II	ASSETS		
1	Non-Current Assets:		
a.	Fixed Assets		
1.	Tangible Assets		
	Land and Buildings	200000	240000
	Machinery	230000	300000
2.	Intangible Assets: Goodwill	50000	40000
b.	Non-Current Investments	80000	-
c.	Long-term loans & Advances		
d.	Other Non-Current Assets: Preliminary Expenses	15000	5000
2.	Current Assets:		
a.	Current investments		
b.	Inventories	25000	70000
c.	Trade receivable		
	Debtors	45000	31000
	Bills receivable	25000	14000
d.	Cash and cash equivalents		
	Bank balance	90000	100000
e.	Short-term loans and advances		
f.	Other Current Assets		
	Total	760000	800000

Additional Information:

1. It was determined to redeem the pref. shares at 15% premium, calls in arrears on these shares were called up for this purpose but the money received except 500 shares. After utilizing general reserve fully, equity shares for necessary amount were issued at 10% premium which were fully paid up. Reserves, so created while redeeming the pref. shares was utilized in giving bonus.
2. Investments were sold at a profit of 20% on, selling price.
3. Depreciation written off: On land and Building Rs. 30000. On Machinery Rs. 45000.
4. A machine costing Rs. 100000 (Depreciation written off to the date Rs. 60000) was sold for Rs.45000.
5. Debentures were redeemed at 10% premium.
6. Rs. 30000 was paid as tax for the last year and the proposed dividend of the last year was also paid.

(March April 2010)

Q.9 The following are the Balance Sheets of Sai Ram Co. Ltd. As on 31st March:

	Particulars	31.03.2009	31.03.2010
I	EQUITY AND LIABILITIES		
	1. Shareholders' Funds:		
	a. Share Capital		
	Equity Share capital (Rs. 100)	200000	400000
	Pref. share capital (Rs. 10 each Rs. 8 paid up)	80000	4000
	b. Reserves and Surplus		
	General Reserve	120000	125000
	Share Premium	3750	-
	Profit and Loss A/c	60000	110000
	Capital Reserve	2000	20000
	c. Money received against share warrants		
	2. Share Application Money pending allotment		
	3. Non-Current Liabilities:		
	a. Long-term borrowings		
	b. Deferred Tax liability (Net)		
	c. Other long term liabilities		
	d. Long-term provisions		
	Depreciation fund: (machinery)	20000	30000
	4. Current liabilities:		
	a. Short-term borrowings		
	b. Trade payables		
	c. Other current liabilities	41250	43000
	d. Short-term provisions: Provision of Tax	40000	52000
	Total	567000	784000
II	ASSETS		
	1 Non-Current Assets:		
	a. Fixed Assets		
	1. Tangible Assets		
	Land and Buildings	220000	270000
	Machinery	80000	150000

		Vehicles	33000	69000
	2.	Intangible Assets: Patents	62000	50000
	b.	Non-Current Investments		
	c.	Long-term loans & Advances		
	d.	Other Non-Current Assets		
		Underwriting Commission	15000	10000
	2.	Current Assets:		
	a.	Current investments		
	b.	Inventories		
	c.	Trade receivable		
	d.	Cash and cash equivalents		
	e.	Short-term loans and advances		
	f.	Other Current Assets	157000	235000
		Total	567000	784000

Additional Information:

1. On 1.6.09, it was decided to redeem Pref. shares at 15% premium. The final call on these shares was made. All the amount of call money except on 500 shares were received fully. On 31.12.09 the pref. shares were redeemed and so created reserve was utilized for issuing bonus shares to equity share holders.
2. A piece of land costing Rs. 30000 was sold at 30% profit and the profit on sales was credited to Capital Reserve Account.
3. During the year vehicle of Rs. 45000 was purchased and no sale of it was made.
4. The machine costing Rs. 40000, on which accumulated depreciation was Rs. 12000 was sold for Rs. 18000.
5. Tax liability for 2008-09 was at Rs. 35000, it was paid and the excess provision was transferred to General Reserve Account.
6. Equity share dividend of previous year was paid at 18%. During the year new equity shares were issued at 10% premium.

Prepare Fund Flow Statement.

(March April 2011)