Q.1.

Kites Ltd

**Statement of Changes in working Capital**

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2018 |
|  | Amount(Rs) | Amount(Rs) |
| Current Assets: |  |  |
| Stock | 75000 | 60000 |
| Debtors | 90000 | 100000 |
| Cash | 30000 | 60000 |
| Short Term Investments | 20000 | 15000 |
| Total of Current Assets (A) | 215000 | 235000 |
| Current Liabilities: |  |  |
| Creditors | 15000 | 55000 |
| Total Current Liabilities(B) | 15000 | 55000 |
| Net working Capital (A)-(B) | 200000 | 180000 |
| **Net Decrease in Working Capital (Source of Funds)** | **20000** |  |

**Fund Flow Statement or Statement showing Sources and Application of Funds**

|  |  |
| --- | --- |
|  | **Amount(Rs)** |
| **Sources of Funds:** |  |
| Issue of Share Capital | 100000 |
| Sale of Furniture | 30000 |
| **Funds from Operations** | 30000 |
| Net Decrease in working capital | 20000 |
| **Total Sources** | 180000 |
| **Application of Funds:** |  |
| Redemption of Debentures | 100000 |
| Purchase of Land and Buildings | 50000 |
| Purchase of Plant and Machinery | 30000 |
| **Total Applications** | 180000 |

Q. 2.

**Provision for Taxation Account**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Amount  Rs. | Particulars | Amount  Rs. |
| To Bank-Taxes Paid | 280000 | By Balance b/d | 200000 |
| To Balance c/d | 260000 | By P&L Appropriation A/C (Bal. Fig.) | 340000 |
| Total | 540000 | Total | 540000 |

**Proposed Dividend Account**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Amount(Rs) | Particulars | Amount(Rs) |
| To Bank –Dividend paid | 240000 | By Balance b/d | 240000 |
| To balance c/d | 360000 | By P&L Appropriation A/c (Bal Fig.) | 360000 |
| Total | 600000 |  | 600000 |

**Machinery Account**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Amount(Rs) | Particulars | Amount(Rs) |
| To Balance b/d | 1000000 | By Bank(Sale of Machine) | 260000 |
| To P&L Ad.A/C- Profit on Sale | 100000 | By P&L Adjustment A/C  (Bal. figure) | 120000 |
| To Bank A/C- New Machine Purchased | 720000 |  |  |
|  |  | By Balance c/d | 1440000 |
|  | 1820000 |  | 1820000 |

**Profit & Loss Adjustment Account**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Amount(Rs)** |  | **Amount(Rs)** |
| To Transfer to General Reserve | 100000 | By Balance b/d | 200000 |
| To Provision for Tax | 340000 | By Profit on Sale of Machinery | 100000 |
| To Dividend proposed | 360000 | By Profit from Operations | 1040000 |
| To Depreciation on Machinery | 120000 |  |  |
| To Depreciation on Building | 80000 |  |  |
| To Premium on redemption of debentures | 40000 |  |  |
| To balance c/d | 300000 |  |  |
| Total | 1340000 | Total | 1340000 |

**Statement of Changes in Working Capital**

|  |  |  |
| --- | --- | --- |
|  | **Amount (Rs)** | **Amount(Rs)** |
| **Current Assets:** |  |  |
| Short Term Investments | 600000 | 900000 |
| Inventories | 800000 | 940000 |
| Debtors | 1340000 | 1060000 |
| Cash at Bank | 440000 | 660000 |
| Prepaid Expenses | 40000 | 20000 |
| Total Current Assets(A) | 3220000 | 3580000 |
| **Current Liabilities:** |  |  |
| Creditors | 980000 | 1120000 |
| Total Current Liabilities(B) | 980000 | 1120000 |
| Working Capital (A)- (B) | 2240000 | 2460000 |
| Net Increase in working Capital | 220000 |  |

**Fund Flow Statement**

**Or**

**Statement Showing Sources and Applications of Funds**