

## FUNDS FLOW STATEMENT - I

### 33.1 INTRODUCTION

In previous lessons, you have learnt about Profit & Loss A/c, i.e., Income Statement and Balance Sheet, i.e., Position Statement. You know that income statement states net income of an accounting period while position statement indicates financial position at a point of time, i.e. at the close of accounting period. The closing Balance Sheet of a business concern differs from the opening Balance Sheet because it is affected by all those changes in the assets and the liabilities that took place during the period. It also fails to provide important information about inflow and outflow of funds during the period. For this, another statement known as Funds Flow Statement (Statement of changes in financial position) is prepared (discussed in next lesson). In this lesson, you will learn about Schedule of changes in Working Capital and Calculation of Funds from operations.

### 33.2 OBJECTIVES

After studying this lesson, you will be able to :

- state the meaning of Funds and Flow;
  - give the meaning of Funds Flow Statement;
  - infer the components of Working Capital;
  - identify Current Assets and Current Liabilities;
-

- explain Non-Current Assets and Current Liabilities;
- explain meaning of Schedule of Changes in Working Capital;
- draw format of Schedule of Changes in Working Capital;
- prepare Schedule of Changes in Working Capital on the basis of Current Assets and Current Liabilities;
- identify various transactions which bring about changes in working capital;
- identify various transactions which do not result in changes in working capital;
- state the steps for calculation of Funds from Operations;
- calculate Funds from Operations on the basis of given information;
- distinguish between Net Profit and Funds from Operations.

### 33.3 MEANING OF FUND, FLOW AND NON-CURRENT ASSETS AND NON-CURRENT LIABILITIES

#### Meaning of Fund

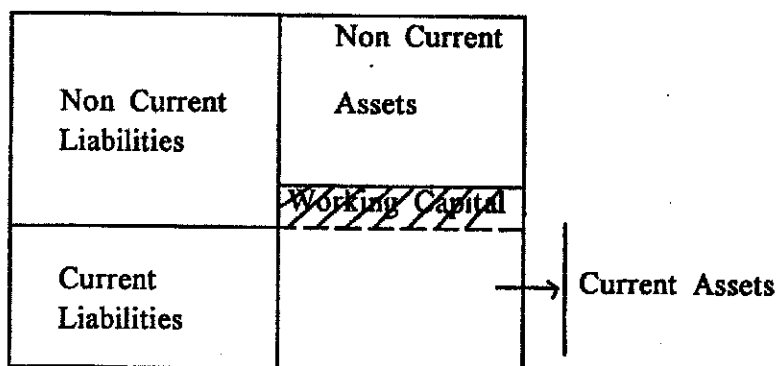
If a person says that he is short of 'funds', it means that he does not have adequate money. But, in Accounting when financial statements are analysed, funds do not mean money only. Funds mean 'Working Capital'. To understand what is meant by working capital, let us consider the following example-

Ram started a new business with Rs.1,00,000/-. Immediately, he bought a machine for Rs.1,00,000/-. Now, his financial position is as under:-

#### Ram's financial position

	Rs.		Rs.
Ram's capital	1,00,000	Machine	1,00,000
	1,00,000		1,00,000

Do you think, he can run his business now? He does not have money to purchase raw-materials, to pay wages to workers and to meet other business expenses. It would have been better if he had paid Rs.75,000/- for machine and kept the balance for meeting other business expenses like raw-materials, wages, electricity, and other business expenses. Therefore, it is necessary to keep a part of the long-term resources (capital, etc.) for running the business and meeting its day-to-day business expenses. That portion of long-term resources which is not invested in fixed assets (like machine, etc.) but is kept aside for day-to-day operations of business to maintain the fixed assets, to make the fixed assets work is known as Working Capital. However, it can also be found out by deducting Current Liabilities from Current Assets as shown in the following diagram:-



$Working\ Capital = Current\ Assets - Current\ Liabilities.$

The following is the list of current assets and current liabilities -

**Current Assets**

- Cash in hand
- Cash at bank
- Short-term Investments
- Debtors
- Bill Receivables
- Stock
- Prepaid expenses
- Accrued Incomes

**Current Liabilities**

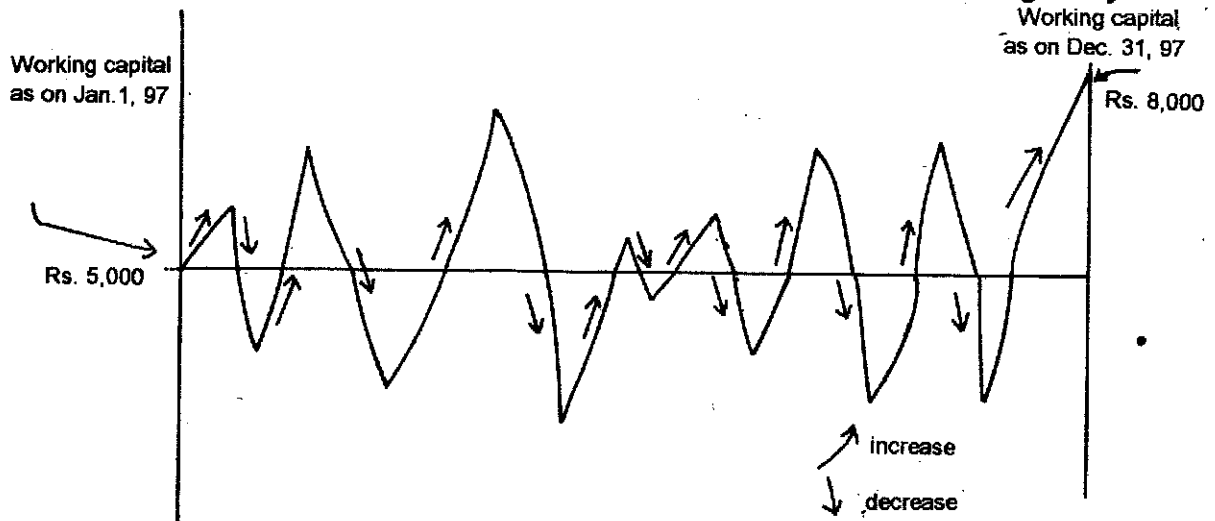
- Creditors
- Bills Payable
- Bank Overdraft
- Outstanding expenses
- Incomes received in advance
- \* Provision for taxation
- \* Unclaimed Dividend

- \* Provision for taxation and Proposed Dividend can also be treated as Non-Current Liabilities.

The components of working capital are inventories, receivables, cash or bank, and prepaid expenses.

### Meaning of Flow

Flow means movement of working capital, i.e., increase or decrease in it. Funds flow mean movement of working capital from one point of time to another point of time. There may be many changes during this period. The following diagram shows flow of funds during the year :-



In the above diagram, though the working capital has increased by Rs.3,000/- yet it is not due to any one reason. There may be so many reasons for increases and decreases in the working capital during the year.

### Meaning of Funds Flow Statement

Funds Flow Statement is a summary of increases or decreases in working capital over a period of time. It shows changes in the working capital in the form of sources of working capital and uses of working capital.

### Non-Current Assets and Non-Current Liabilities

Suppose, Ram is a garment trader. The following is the Balance Sheet of M/s. Ram Garment House as on 31st December, 1997 :-

## Balance Sheet of M/s. Ram Garment House as on Dec., 31, 1997

Liabilities	Amount Rs.	Assets	Amount Rs.
Capital	15,00,000	Buildings	10,00,000
Long-term Loans	7,00,000	Plant	7,00,000
Profit & Loss A/c	2,50,000		
Sundry Creditors	8,00,000	Stock-in-Trade	5,00,000
Bills Payable	50,000	Sundry Debtors	7,00,000
		Bank	3,00,000
		Cash	1,00,000
	33,00,000		33,00,000

The liability side of the above Balance Sheet shows that Rs.33,00,000 are total resources of the business raised from both long-term and short-term sources. Rs.24,50,000 which are going to be there with the business for a long period such as capital, long-term loans and Profit & Loss A/c are called **Non-Current Liabilities**. Rs.8,50,000 have been raised from short-term sources (creditors and Bills Payable) and are payable after a short period. These are called **Current Liabilities**. Now, total resources can be invested in fixed assets termed as **Non-Current Assets** (Buildings, Plant, etc.) and in easily realisable assets termed as **Current Assets** (Bank, Stock-in-Trade, etc.). The following is a list of important Non-Current Liabilities and Non-Current assets:-

Non-Current Liabilities	Non-Current Assets
Equity Share Capital	Goodwill
Preference Share Capital	Land
Share Premium	Buildings
Debentures	Machinery & Plant
Term Loans	Furniture & Fixtures
Profit & Loss A/c (cr. balance)	Profit & Loss A/c (Dr. balance)
General Reserves	Long-term Investments
Compensation Fund	Patents
Sinking Fund	MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF:

Insurance Fund  
Capital Reserve  
\* Provision for Taxation  
\* Proposed Dividends

Preliminary Expenses  
Discount on issue of shares/Debentures  
Underwriting Commission  
Advertising Expenses

\* Provision for Taxation and Proposed Dividends can also be treated as Current Liabilities.

---

### INTEXT QUESTIONS 33.1

---

A. Fill in the blanks with appropriate word or words:

- (i) In Accounting, funds mean .....
- (ii) Working capital is kept in form of ..... assets.
- (iii) Working capital = ..... minus .....
- (iv) Flow means .....
- (v) Cash and Debtors are the components of .....

B. Make a list of current assets and current liabilities from the following :-

- i. Goodwill
- ii. Land
- iii. Stock-in-Trade
- iv. Long-term investments
- v. Patents
- vi. Preliminary expenses
- vii. Debtors
- viii. Prepaid expenses
- ix. Work-in-Progress
- x. Equity Share Capital
- xi. Creditors
- xii. Debentures
- xiii. Bills Payable
- xiv. Long-term Liabilities
- xv. Profit & Loss A/c
- xvi. Bank Ovedraft
- xvii. Outstanding expenses
- xviii. Provision for taxation
- xix. Proposed Dividends
- xx. General Reserve

C. Make a list of Non-Current Assets and Non-Current Liabilities from the given items :-

- |                            |  |
|----------------------------|--|
| i) Equity Share Capital    | ii) Share Premium                      |
| iii) General Reserve       | iv) Profit & Loss A/c<br>(Cr. Balance) |
| v) Debentures              | vi) Sundry Creditors                   |
| vii) Provision of Tax      | viii) Proposed Dividends               |
| ix) Land & Buildings       | x) Plant and Machinery                 |
| xi) Furniture and Fixtures | xii) Stock                             |
| xiii) Sundry Debtors       | xiv) Cash and Bank                     |

### 33.4 SCHEDULE OF CHANGES IN WORKING CAPITAL

This section focuses on the computation of changes in working capital on the basis of changes which took place in current assets and current liabilities of the two consecutive financial years. To facilitate such computation, a list of all current assets and current liabilities alongwith their increases or decreases is prepared. This list indicates net increase or decrease in working capital over a period of time and is known as "Schedule of Changes in Working Capital" The following is the format of Schedule of Changes in Working Capital :-

## SCHEDULE OF CHANGES IN WORKING CAPITAL

Particulars	Previous Year		Current Year		Change	
	Amount Rs.		Amount Rs.		incr- ease (+)	decre- aser (-)
<b><u>Current Assets</u></b>						
Cash in hand						
Cash at bank						
Marketable Securities						
Bills Receivables						
Debtors						
Stock						
Prepaid Expenses						
i) Total Current Assets						
<b><u>Current Liabilities</u></b>						
Bank Overdraft						
Bills Payable						
Creditors						
Outstanding Expenses						
ii) Total Current						
Liabilities						
Working Capital = (i) minus (ii)						
Increase/Decrease in Working Capital						

### Example 1

The following are the Balance Sheets of M/s. Nishant Enterprises as on Dec., 31, 1995 and Dec., 31, 1996 :-

**Balance Sheets of M/s Nisha Enterprises**  
As on .....

Liabilities	31.12.95	31.12.96	Assets	31.12.95	31.12.96
	Rs.	Rs.		Rs.	Rs.
Share Capital	15,00,000	15,00,000	Buildings	10,00,000	10,00,000
Terms Loans	7,00,000	9,00,000	Plants	7,00,000	9,00,000
Creditors	8,00,000	5,00,000	Stock	5,00,000	6,00,000
Bills Payable	50,000	1,00,000	Debtors	7,00,000	5,50,000
Profit & Loss	2,50,000	4,25,000	Bank	3,00,000	3,00,000
			Cash	1,00,000	75,000
	33,00,000	34,25,000		33,00,000	34,25,000

Prepare schedule of changes in working capital with the help of above Balance Sheets.

Solution :

**Schedule of Changes in Working Capital**

Particulars	Dec.31,1995		Dec.31,1996		Change	
	Amount		Amount		increase +	decrease -
<b>Current Assets :</b>						
Stock	5,00,000		6,00,000		1,00,000	-
Debtors	7,00,000		5,50,000		-	1,50,000
Bank	3,00,000		3,00,000		-	-
Cash	1,00,000		75,000		-	25,000
<b>(i) Total Current Assets</b>	<b>16,00,000</b>		<b>15,25,000</b>		<b>-</b>	
<b>Current Liabilities :</b>						
Creditors	8,00,000		5,00,000		3,00,000	-
Bills Payable	50,000		1,00,000		-	50,000
<b>(ii) Total Current Liabilities</b>	<b>8,50,000</b>		<b>6,00,000</b>		<b>-</b>	
<b>W.C.=(i)-(ii)</b> (Net increase in Working capital)	<b>7,50,000</b>		<b>9,25,000</b>		<b>4,00,000</b>	<b>1,75,000</b>
					<b>4,00,000</b>	<b>4,00,000</b>

Following steps are involved in the preparation of the Schedule of changes in Working Capital :-

- i) If the closing balance of a current asset is more than its opening balance, the difference is written in (+) increase column.
- ii) If the closing balance of a current asset is less than its opening balance, the difference is written in (-) decrease column.
- iii) If the closing balance of a current liability is more than its opening balance, the difference is written in (-) decrease column.
- iv) If the closing balance of a current liability is less than its opening balance, the difference is written in (+) increase column.
- v) Total the two (+) increase and (-) decrease columns and find out the net increase or decrease in working capital.

### INTEXT QUESTIONS 33.2

Complete the following Schedule and find out increase or decrease in Working Capital :-

Schedule of Changes in Working Capital

Particulars	Dec.31,1995		Dec.31,1996		Change	
	Amount	Total	Amount	Total	+	-
<b>Current Assets :</b>						
Cash	10,000		20,000			
Bank	9,000		7,000			
Debtors	25,000		35,000			
<b>Total Current Assets</b>		44,000		62,000		
<b>Current Liabilities :</b>						
Creditors	7,000		17,000			
Bills Payable	7,000		5,000			
<b>Total Current Liabilities</b>		14,000		22,000		
<b>Increase/Decrease in Working Capital</b>		30,000		40,000	22,000	22,000

### **33.5 EFFECT OF VARIOUS BUSINESS TRANSACTIONS ON WORKING CAPITAL AND FUNDS FROM OPERATIONS**

There are numerous business transactions which take place in business but all transactions do not affect working capital. There are very few transactions which affect working capital. Let us now find out those transactions which affect the working capital and those which do not affect the working capital:

#### **A. Transactions which affect the working capital**

In double entry system, every transaction affects at least two accounts. When one affected account is a current account and the other affected account is a non current account then such a transaction changes the working capital. The following transactions clarify this :-

##### **i) Purchased machinery for cash**

In this transaction, two accounts affected are machinery and cash. Machinery is a non current account and Cash is a current account. Since, this transaction reduces the current assets, working capital has reduced.

##### **ii) Equity shares issued for cash**

In this case, two accounts affected are equity shares capital and Cash. Equity share capital is a non-current liability account and Cash is a current asset account. Since, this transaction increases the current asset, working capital has increased.

##### **iii) Building purchased on credit**

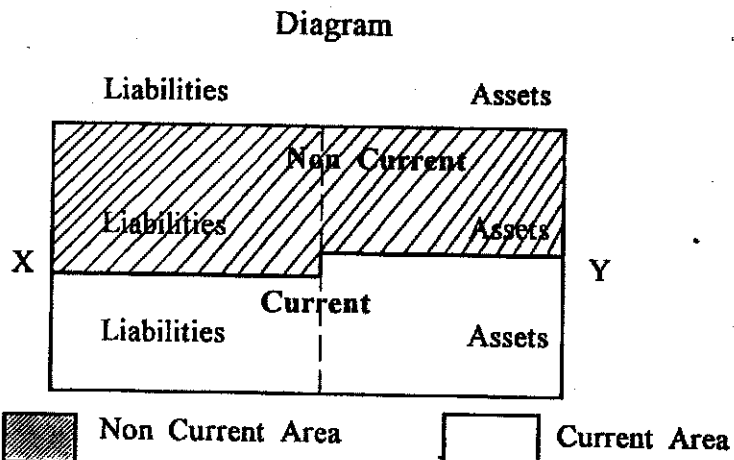
Here, two accounts affected are building and creditor (vendor). Building is a non current asset account and creditor is a current liability account. This transaction increases the current liability, therefore, working capital has decreased.

##### **iv) Debentures issued to creditors**

In this case, the two accounts affected are debentures and credi-

tors. Debentures are non current liabilities account and creditors are current liabilities account. Since this transaction reduces the current liabilities, working capital has increased.

Let us also understand the above with the help of the following diagram.



The diagram indicates liabilities and assets vertically and the line XY divides the assets and the liabilities horizontally into two parts. The part above the line is non current area and the part below the line is current area. Above the line, we have both non-current assets and non current liabilities and below the line both current assets and current liabilities.

When any transaction is plotted on this diagram above the line XY and the other part is below the line XY, this transaction will change working capital.

### B) Transactions which do not affect the working capital

If both the affected accounts of a transaction are of current or non current nature then the transaction does not affect the working capital. The following transactions clarify this :-

#### i) Cash collected from debtors

In this transaction, two accounts affected are Cash and Debtors A/c. Both the accounts are current assets accounts, therefore, working capital does not change.

**ii) Acceptance given to a creditor**

In this case, two accounts affected are Bills Payable A/c and creditor A/c. Since both the accounts are current liabilities accounts, working capital does not change.

**iii) Payment made to creditors through cheque**

Here, the two accounts affected are Creditors A/c and Bank A/c. Creditors are current liability account and bank is a current asset account. Both being current accounts do not bring any change in working capital

**iv) Shares issued for the purchase of Building**

In this case, the two accounts affected are Share capital A/c and Building A/c. Both are non-current accounts, i.e., share capital is non current liability account and Building is non current asset account. Therefore, working capital remains unaffected.

**v) Debentures converted into Shares**

In this case, the two affected accounts are Debentures A/c and Share Capital A/c. Both are non-current liabilities accounts, hence, working capital remains unaffected.

Thus we can say that -

- i) Transaction in which only current assets and current liabilities accounts are involved, do not change working capital. Similarly, transactions in which only non current assets and non current liabilities accounts are involved, do not change working capital.
- ii) If a transaction simultaneously affects a current asset or liability account and a non current asset or liability account, it changes the working capital.

The following table shows the analysis of some more transactions :

Transaction	Accounts affected	Category of A/c	Effect on working capital	Reason
1. Bills Receivable collected	Cash A/c Bills received A/c	Current current	No	Both accounts are current A/cs.
2. General Reserve created.	P and L A/c Gen. Res. A/c	non-current non-current	No	Both are non current A/cs.
3. Goodwill written off.	P and L A/c Goodwill A/c	non-current non-current	No	Both are non current A/cs.
4. Long term loan paid.	Loan A/c cash A/c	non-current current	Yes	One is non-current A/c and the other is current A/c.
5. Building sold for cash.	Cash A/c Building A/c	Current non-current	Yes	One is current A/c and the other is non-current A/c.
6. Furniture sold on credit.	Debtor A/c Furniture A/c	Current non-current	Yes	One is current A/c and the other is non-current A/c.
7. Shares issued for cash.	Bank A/c Share Capital A/c	Current non-current	Yes	One is current A/c and the other is non current A/c.

### Funds from Operations

We know sale of goods is the main business operation. Funds generated out of business operations strengthen the working capital position of the business. Sales revenue and other revenues are the inflows of working capital. Similarly, expenses incurred in earning revenues like cost of goods sold, administrative expenses, selling & distribution expenses etc., are the outflows of the working capital. Income is taken as a difference between revenues earned and expenses incurred during a particular accounting year or period. While income is determined, some expenses e.g. depreciation, preliminary expenses written off, goodwill written off, etc. which do not result in any outflow of funds are also considered. Such expenses are termed as Non Fund expenses. These non fund items are added back to the net income in order to find

funds from operations. Some items of revenues included in the net income have already been counted as sources of working capital as proceeds of sale of fixed assets, therefore, such revenues are deducted from the net income in order to avoid double counting. Similarly, any loss on the sale of fixed asset will be added back. The following method may be adopted for calculating Funds from Operations (FFO):

Calculation of Funds from Operations (FFO) :

Net Profits	Profit (+)	Loss (-)
Add : * Non-fund Expenses -	+	+
* Depreciation on fixed assets, Discount on issue of shares/ debentures written off	+	+
* Goodwill written off	+	+
* Underwriting commission written off	+	+
* Funds transferred to General Reserve, etc.	+	+
Add : * Loss on sale of any fixed asset	+	+
Less : * Profit on sale of any fixed asset	-	-
Funds from Operations (FFO)/Funds Lost in Operations (FLO) (-)	(+ ) (-)	(+ ) (-)

Let us take one example to calculate Funds from Operations with the help of the above stated method :

**Example :** From the following details, find out the Funds from Operations :

Profit & Loss Account of M/s. for the period ended .....

Liabilities	Rs.	Assets	Rs.
To Salaries paid	60,000	By Gross Profit	1,50,000
To Rent paid	22,500	By Profit on sale of Building	7,500
To Prov. for doubtful debts	7,500		
To Preliminary expenses written off	15,000		
To Goodwill written off	7,500		
To Depreciation on Machinery	7,500		
To Loss on sale of Plant	3,000		
To Provision for Taxation	7,500		
To Net Profit	27,000		
	<u>1,57,500</u>		<u>1,57,500</u>

**Solution** Calculation of Funds From Operations

Net Profit	Rs. 27,000
Add : Preliminary expenses written off	15,000
Goodwill written off	7,500
Depreciation on Machinery	7,500
Loss on sale of plant	3,000
Provision for Taxation	<u>7,500</u>
	67,500
Less : Profit on sale of Building	7,500
Funds from Operations (FFO)	<u><u>60,000</u></u>

**Difference between Net Profit and Funds from Operations**

1. Net profit is the excess of revenues earned over the expenses incurred during a particular accounting year or period. It is net

result of business operations but Funds from Operations are the net working capital provided by the business operations.

2. All expenses are included in the calculation of net profit on the basis of accrual concept. But, those expenses which do not affect the working capital are not included in the calculation of Funds From Operations.
3. Net Profit = Gross Profit + Indirect Revenues - Indirect Expenses.

$$\text{Funds from Operations} = \text{Net Profit} + \text{Non Fund Expenses} + \text{Loss on sale of any fixed asset} - \text{Profit on sale of any fixed asset.}$$


---

### INTEXT QUESTION 33.3

---

Fill in the blanks with an appropriate word or words:-

- i) Revenues result in \_\_\_\_\_ of working capital.
  - ii) Expenses which do not result in any outflows of funds are termed as \_\_\_\_\_
  - iii) Excess of revenues earned and expenses incurred is \_\_\_\_\_
  - iv) Funds From Operations = \_\_\_\_\_ + Non Fund Expenses - Non-operating incomes/gains on sale of fixed assets.
- 

### 33.6 WHAT YOU HAVE LEARNT

- In accounting, funds mean working capital.
  - Flow of funds means movement or increase or decrease of working capital over a period of time.
  - Working capital is that portion of long-term resources which is not invested in fixed assets and is kept aside for day to day business operations, for maintenance of fixed assets, etc.
  - Working capital is calculated by subtracting current liabilities
-

from current assets.

- Schedule of changes in working capital is prepared with the help of current assets and current liabilities in order to find out the changes in working capital over a period of time.
- When a transaction simultaneously affects one current account and other non-current account, the transaction changes the working capital.
- When a transaction affects both current assets or liabilities A/cs and non-current assets or liabilities A/cs, there will be no change in working capital.
- For calculation of Funds From Operations, all non-fund items and loss on sale of fixed assets are added back in the net income or profit and gain or profit on sale of fixed asset is deducted from it.

### **33.7 TERMINAL QUESTIONS**

1. Answer the following in a word or phrase or sentence:
  - (i) Name the two basic concepts of 'Funds'.
  - (ii) What is meant by the term 'Flow'?
  - (iii) Give meaning of Working Capital.
2. Explain the meaning of Schedule of changes in Working Capital (30-40 words).
3. State the method for the calculation of Funds from operations (about 40 Words).
4. From the following Balance Sheets of MG Ltd., you are required to prepare Schedule of Changes in Working Capital:

Capital & Liabilities	Dec. 31, 1996	Dec. 31, 1997
	Rs.	Rs.
Capital	16,00,000	17,00,000
Profit & Loss A/c	2,90,000	4,90,000
Creditors	1,80,000	1,00,000
Mortgage (loans)	-	1,00,000
	<u>20,70,000</u>	<u>23,90,000</u>
Assets	Rs.	Rs.
Land and Buildings	10,00,000	10,00,000
Plant and Machinery	4,80,000	6,80,000
Stock	1,80,000	1,40,000
Debtors	3,30,000	3,90,000
Cash at Bank	80,000	1,80,000
	<u>20,70,000</u>	<u>23,90,000</u>

5. From the following comparative Balance Sheets of Fine Textiles Ltd., prepare a Schedule of Changes in Working Capital :

Liabilities	Dec.31'96 Rs.	Des.31'97 Rs.	Assets	Dec. 31'96 Rs.	Dec.31'97 Rs.
Share Capital	24,00,000	25,50,000	Land & Bldg.	15,00,000	15,00,000
Profit & Loss A/c	4,35,000	7,35,000	Plant	7,50,000	10,50,000
Bills Payable	2,70,000	1,50,000	Stock	2,40,000	1,80,000
Long Term Loans	-	1,50,000	Sundry Debtors	4,80,000	5,70,000
			Cash	1,35,000	2,85,000
	<u>31,05,000</u>	<u>35,85,000</u>		<u>31,05,000</u>	<u>35,85,000</u>

6. From the following Balance Sheets, prepare a Schedule of Changes In Working Capital :

Summarised Balance Sheets

Liabilities	31-12-95 Rs.	31-12-96 Rs.	Assets	31-12-95 Rs.	31-12-96 Rs.
Creditors	20,000	25,000	Cash	20,000	10,000
Bills Payable	20,000	5,000	Marketable		
Other current			Securities	10,000	-
Liabilities	10,000	5,000	Stock	60,000	1,00,000
6% Debentures	-	50,000	Debtors	30,000	40,000
Profit & Loss A/c	80,000	1,00,000	Gross Block	1,00,000	1,40,000
Common Stock	50,000	50,000	Less Accumulated Depreciation	(40,000)	(55,000)
	1,80,000	2,35,000		1,80,000	2,35,000

7. Calculate Funds from operations from the following Profit & Loss A/c-

Dr.	Profit & Loss A/c		Cr.
Particulars	Rs.	Particulars	Rs.
To Depreciation	9,000	By Gross Profit	85,000
To Discount on issue of shares	2,000	By Profit on Sale of Plant	40,000
To Loss on sale of Machine	4,000		
To Goodwill written off	22,000		
To Preliminary Expenses written off	6,500		
To Sundry Expenses	25,000		
To Net Profit	56,500		
	1,25,000		1,25,000

8. From the following particulars, determine funds from operations:

	Rs.
Net Loss	10,000
Depreciation on Machinery	15,000
Amortisation of Goodwill	10,000
Loss on sale of Plant	5,000
Profit on sale of Land	8,000
Provision for Doubtful Debts	1,000

9. Calculate funds from operations from the following Income statement:

Dr.	Profit & Loss A/c	Cr.	
Particulars	Rs.	Particulars	Rs.
To Rent	10,000	By Gross Profit	9,80,000
To Miscellaneous Expenses	5,000	By Profit on Sale of Machinery	20,000
To Insurance	5,000		
To Depreciation	8,000		
To Goodwill written off	7,000		
To Preliminary Expenses written off	6,500		
To Discount on Debentures	13,500		
To Net Profit	9,45,000		
	10,00,000		10,00,000

### 33.8 ANSWERS TO INTEXT QUESTIONS

- 33.1A. (i) Working capital, (ii) Current Assets  
 (iii) Current Assets, Current Liabilities (iv) Movement/change,  
 (v) Current Assets
- B. Current Assets - (iii), (vii), (viii), (ix),  
 Current Liabilities - (xi), (xiii), (xvi), (xvii)
- C. Non Current Assets - (ix), (x), (xi),  
 Non Current Liabilities - (i), (ii), (iii), (iv), (v), (vii), (viii)

### 33.2 Schedule of Changes in Working Capital

Particulars	Dec.31,1996		Dec.31,1997		Change	
	Amount	Total	Amount	Total	+	-
<u>Current Assets :</u>						
Cash	10,000		20,000		10,000	-
Bank	9,000		7,000			2,000
Debtors	25,000		35,000		10,000	-
Total Current Assets		44,000		62,000		
<u>Current Liabilities :</u>						
Creditors	7,000		17,000		-	10,000
Bills Payable	7,000		5,000		2,000	-
Total Current Liabilities		14,000		22,000		
Increase/Decrease in Working Capital		30,000		40,000		10,000
					22,000	22,000

### 33.3

- I. (i) Inflow (ii) Non-fund expenses  
 (iii) Net profit (iv) Net Profit

### 33.9 HINTS TO TERMINAL QUESTIONS

- Net Increase in working capital Rs.2,00,000
- Net Increase in working capital Rs.3,00,000
- Net Increase in working capital Rs. 45,000
- Funds from operations Rs. 60,000
- Funds from operations Rs. 12,000
- Funds from operations Rs.9,60,000