

R17**Code No: 741AC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, January-2018****FINANCIAL ACCOUNTING AND ANALYSIS****Time: 3hours****Max.Marks:75**

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 25 marks. Answer all questions in Part A.
Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

PART - A**5 × 5 Marks = 25**

1. Answer the following:
 - a) Concept of Disclosure. [5]
 - b) Diminishing Balance Method [5]
 - c) FIFO & LIFO [5]
 - d) Paid costs and Unpaid costs [5]
 - e) Vertical analysis, Horizontal analysis and Trend Analysis. [5]

PART - B**5 × 10 Marks = 50**

2. Explain the benefits and limitations of the Financial Accounting. [10]
- OR**
3. What are the Basic Accounting Concepts and explain their implication? [10]
4. Journalise the following transactions and prepare the following accounts a) Purchases, b) Sales, c) Cash, d) Hari, e) Discount
 - 1-Jan-2014 Giridhar commenced business with cash Rs.7500/-
 - 3-Jan-2014 Goods purchase for cash Rs.1,000/-
 - 4-Jan-2014 Bought goods from Hari Rs.250/-
 - 8-Jan-2014 Furniture purchased from murari for cash Rs.50/-
 - 9-Jan-2014 Furniture purchased from murari 250/-
 - 12-Jan-2014 Cash paid to Hari in full settlement of his account Rs.240/-
 - 15-Jan-2014 Goods purchase from Anil and he allowed us Discount 10% Rs.350/-
 - 20-Jan-2014 Paid cash to Anil in full satisfaction Rs. 300/-
 - 21-Jan-2014 Prince Behari bought from us Rs. 115/-
 - 22-Jan-2014 Cash paid by Prince Behari Rs.15/-
 - 25-Jan-2014 Prince Behari became insolvent, a final composition of 50p in the rupee received from his official receiver out of a debit of Rs.100/- Rs.50/-
 - 26-Jan-2014 Paid for miscellaneous expenses RS.25/-
 - 28-Jan-2014 Withdrawn by Giridhar for his personal use 100/- [10]

OR

5. A firm purchase a leasehold property for a period of five years for Rs. 10,000 on 1.1.1995. it decides to write off the lease by Annuity Method presuming the rate of interest at 5% p.a. The annuity table shows that the annual amount necessary to write off Re 1 at 5% p.a. 0.230976. You are required to prepare the lease hold property account for five years and shows the net amount to be charged to the Profit & Loss account for these five years. [10]
6. The financial year of Mr. X ends on 31st March 1995 but the stock on hand was physically verified only on 7th April 1995. You are required to ascertain the value of closing stock as on 31st March 1995 from the following information
- The stock as verified on 7th April 1995 was Rs. 1,54,000
 - Sales have been entered in the Sales Day Book only after the dispatch of goods and sales returns only on receipt of the goods
 - Purchases have been entered in the Purchases Day Book on receipt of the purchase invoice irrespective of the date of receipt of the goods
 - Sales as per Sales Day Book for the period 1st April 1995 to 7th April 1995 (before the actual verification) amounted to Rs. 68,800 of which goods of sale value Rs. 12,000 had not been delivered at the time of verification
 - Purchases as per Purchase Day Book for the period 1st April 1995 to 7th April 1995 (before the actual verification) amounted to Rs. 58,000 of which goods for purchases of Rs. 15,000 had not been received at the date of verification and goods for purchases of Rs. 20,000 had been received prior to 31st March 1995
 - In respect of goods costing Rs/ 50,000 received prior to 31st March 1995, invoices had not been received until the date of verification of stocks
 - The gross profit is 25% on sales [10]

OR

7. Explain the Single Entry System. State its disadvantages and explain how the profit can be determined under this system. [10]
8. From the following Balance Sheet of Rhino Retreading Ltd. Hosur make out (a) Statement of Changes in working Capital, and (b) Funds flow statement. [10]

Balance Sheet of Rhino Retreading Ltd., Hosur as at 31st March

Liabilities	1983 Rs.	1984 Rs.	Assets	1983 Rs.	1984 Rs.
Share Capital	3, 00, 000	4,00, 000	Goodwill	1, 00, 000	1, 70, 000
12% Redeemable					
Debentures	1,50, 000	1,00,000	Buildings	2,00, 000	1, 70, 000
Capital Reserve	-----	20, 000	Plant	80,000	2, 00, 000
General Reserve	40, 000	50,000	Investment	20,000	30,000
P&L A/c	30, 000	48,000	Debtors	1, 40, 000	1, 70, 000
Proposed Dividend	42, 000	50, 000	Stock	77, 000	1, 09, 000
Sundry Creditors	45, 000	63, 000	Bills Receivable	20, 000	30, 000
Liability for Expenses	30, 000	36, 000	Cash at Bank	25, 000	18, 000
Provision for Taxation	40, 000	50, 000	Preliminary Expenses	15, 000	10, 000
	6, 77, 000	8, 17, 000		6, 77, 000	8, 17, 000

Additional Information:

1. A piece of Land has been sold out in 1984 and the Profit on sale has been credited to capital reserve.
2. A machine has been sold for Rs. 10, 000. The written down value of the machine was Rs. 12, 000. Depreciation of Rs. 10,000 is charged on plant for the year ended 31st March, 1984.
3. The investments are trade investments Rs. 30, 000 by way of dividend is received including Rs. 1, 000 form pre-acquisition Profit which has been credited to investment account.
4. An interim dividend of Rs. 20, 000 has been paid in November, 1983

OR

- 9.a) Balance Sheets of M/s Sanjay Enterprises on 1.1.1992 and 31.12.1992 were as follows:

Liabilities	1.1.92 Rs.	31.12.92 Rs.	Assets	1.1.92 RS.	31.12.92 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Loan from Ram	25,000	-----	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery less Prov. For Depreciation	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against the machinery as on 1.1.1992 was Rs. 25,000 and on 31.12.1992 was Rs. 40,000. You are required to prepare cash flow statement.

- b) Explain the differences between cash profits and book profits. [5+5]
10. With the following ratios and further information given below, prepare a Trading Account, Profit and Loss Account and a Balance Sheet of Shri Narain
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|---|-------------------------------|
| a) Gross Profit Ratio 25% | b) Net Profit Ratio 20% |
| c) Stock Turnover Ratio 10 | d) Net Profit/Capital 1/5 |
| e) Capital to Total Liabilities | f) Fixed Assets/Capital 5/4 |
| g) Fixed Assets/ Total Current Assets 5/7 | |
| h) Fixed Assets Rs. 10,00,000 | i) Closing Stock Rs. 1,00,000 |
- [10]

OR

11. Explain Accounting Standard 6 (Revised) related to Depreciation Accounting. [10]

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