

Code No: 741AC

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**
**MBA I semester Examinations, December - 2018**
**FINANCIAL ACCOUNTING AND ANALYSIS**
**Time: 3 Hours**
**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.a) Define Accounting. Give the Classification of Accounts. [5]
- b) What is meant by 'Depreciation'? List out any three objectives of providing Depreciation. [5]
- c) Explain the concept of inventory Valuation. [5]
- d) What is meant by cash from Operations? How can it be determined? [5]
- e) Draw Du Pont Control Chart by providing required data. [5]

**PART - B**
**5 × 10 Marks = 50**

2. Describe the meaning of "Accounting Principles", what are the essential features? [10]

**OR**

3. Describe the managerial uses, applications and limitations of accounting. [10]

4. From the following Trail Balance, Prepare the Trading and profit and Loss Account of Mr.Ramu for the year ended December 31, 2015 and the Balance sheet as on the Date

Particulars	Debit Rs	Credit Rs
Ramu Capital	-	4,000
Plant and machinery	5,000	-
Office Furniture's and fittings	260	-
Stocks on January 1,2015	4,800	-
Motor Van	1,200	-
Sundry Debtors	4,470	-
Cash in Hand	40	-
Cash in bank	650	-
Wages	15,000	-
Salaries	1,400	-
Purchases	21,350	-
Sales	-	48,000
Bills Receivable	720	-
Bills Payable	-	560
Sundry Creditors	-	5,200
Returns Inwards	930	-
Provision for doubtful debts	-	250
Drawings	700	-
Return outwards	-	550
Rent	600	-
Factory Lighting and heating	80	-
Insurance	680	-
General Expenses	250	-
Bad debts	200	-
Discount	650	420

The Following adjustments are to be made

- Stock on December 31, 2015, Rs:5,200/-
- 3 months factory lighting and heating is due but not paid Rs:30/-
- 5% Depreciations to be written off on furniture,
- Write off further bad debts Rs70.

[10]

**OR**

- 5.a) India Ltd. charges depreciation on plant and machinery under Reducing balance System @ 15% Per Annum. On 1.4.2014 the balance in Ledger stood at Rs.4, 60,000. The following particulars are given relating to plant and machinery during three four years ended 31.3.2018
- 1.9.2014 : A machine purchased for Rs.20,000 (Installation Expenses Rs.1,000) on 1.5.2012 was fully destroyed in an accident
  - 1.7.2015 : Purchased a new machine costing Rs.50,000 (Installation Expenses Rs.2,500) .A sum of Rs.30,000 was paid on the same date and balance was paid in May 2000
  - 31.8.2016 : Plant purchased on 1.4.2013 for Rs.30,000 (Installation Expenses Rs.1,500) was disposed off for Rs.36,000.
  - 1.11.2017 : Some old machineries (Book value on 1.4.2014 at Rs.10,000 )were sold for Rs.4,000

Show the plant and machinery Account as would appear in books of the company for the four year ended 31.3.2018 assuming depreciation is charged proportionately even if the asset is sold or destroyed

- b) What are the ingredients necessary for calculating depreciation? [5+5]

- 6.a) Balaji industries had an opening stock of 300 units of materials valued at Rs.600 Receipts and Issues during August 2017 were as follows

	Units	Value (Rs)
August 2 Received	200	440
August 4 issued	150	-
August 6 Received	200	460
August 11 issued	150	-
August 19 issued	200	-
August 22 Received	200	480
August 31 issued	250	-

Show the stores ledger using LIFO Method.

- b) Describe the limitations of single entry system of accounting. [6+4]

**OR**

7. Shri Shankar keeps his book on single entry and following is disclosed from his records.

<u>Particulars</u>	<u>31.12.06 Rs</u>	<u>31.12.07 Rs</u>
Balance at bank	(Cr)2,100	(Dr)5,600
Stock in trade	15,000	20,000
Sundry debtors	30,000	28,500
Furniture	5,000	5,000
Investments	5,000	5,000
Cash in hand	100	400
Sundry creditors	25,000	27,000
Bill payable	1,000	500
Loan from Dayalan	-	3,000

Shri Shankar transferred Rs.250 each month during first half year and Rs.200 each month for the remaining period from the business to his daughters banking account by way of drawings. In addition he withdraws Rs.5000 for his daughter's marriage and Rs.1000 for charitable purpose. He also withdraws goods worth Rs.5000. of which he invested into the business Rs.4000. he sold his private car Rs.3500 and proceeds were utilized for business.

He wants his furniture to be depreciated at 10% and reserve for doubtful debts to be created at 5%. He does not paid two months' salary to his clerk @Rs.150 P.m/and two months' rent of shop was outstanding amounting to Rs.200. Commission earned but not yet received by him was Rs.2400, prepare statement of profit or loss for the year ending 31.12.07. [10]

8. From the following data of national Auto Ltd. for the year 2015 and 2016, Prepare a cashflow statement:

<u>Particulars</u>	<u>2015</u>	<u>2016</u>
	Rs.	Rs
Cash	2,000	2,500
Accounts receivable	2,400	2,700
Inventories	3,100	3,200
Other current assets	800	700
Fixed assets	5,000	5,800
Accumulated depreciation	2,100	2,500
Accounts payable	2,000	2,100
Long term debt	1,400	1,300
Equity capital	5,000	5,300
Retained earnings	2,800	3,700

The following additional information is also available

- Fixed assets costing Rs.1200 were purchased for cash.
- Fixed assets (Original cost of Rs.400 accumulated depreciation Rs.150 were sold for Rs.200.
- Depreciation for the year 2016 amounted to Rs.550 and duly debited to profit & loss account.
- Dividend paid amounted to Rs.300 in 2016.
- Reported income for 2016 was Rs.2400. [10]

**OR**

9. Describe the advantages and limitations of cash flow analysis. [10]

10. With the help of the following Ratios regarding Narmadha Tex, draw the Trading Profit and Loss A/C and Balance Sheet of the company for the year 2017

- Current Ratio : 2.5
- Liquidity Ratio : 1.5
- Net working capital : Rs.3,00,000
- Stock Turnover Ratio : 6 times (cost of sales /Closing stock)
- Gross profit Ratio : 20%
- Fixed assets Turnover Ratio (on cost of sales) : 2 times
- Debt Collection Period : 2 Months
- Fixed Assets to Shareholder's Net worth : 0.80
- Reserves and Surplus to Capital : 0.5

[10]

**OR**

11. The comparative Balance sheet of Kowranth Ltd are given below Balance sheet as on 31.12.2016 and 2017  
 [ Rs in '000']

<u>Liabilities</u>	<u>2016</u>	<u>2017</u>	<u>Assets</u>	<u>2016</u>	<u>2017</u>
Equity share capital	800	1200	Cash	236	20
Capital Reserve	120	220	Debtors	418	380
General Reserve	444	418	Stock	320	260
Sinking fund	80	100	Others	64	26
6% Debentures	400	650	Investments	540	340
Current liabilities					
Sundry creditors	510	234	<u>Fixed assets</u>		
Others	14	20	Furniture less Depri	18	36
			Building Less Depri	620	1572
			Land	40	60
			Other ASSETS	112	148
	<u>2368</u>	<u>2842</u>		<u>2368</u>	<u>2842</u>

Comment upon the significant changes that have taken place during the year 2017.

[10]

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