

**R17****Code No: 741AC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, June/July-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) What are the limitations of Accounting? [5]
- b) Under what conditions, Revenue expenditure becomes capital expenditure? [5]
- c) Why is Single entry system of Accounting considered as an incomplete system? [5]
- d) How can the Net increase in working capital be computed? [5]
- e) How do you compute 'Operating Expenses Ratio'? [5]

PART - B**5 × 10 Marks = 50**

2. What are the basic Accounting records to be maintained in a business organization that is adopting Double entry system of Accounting? Elaborate the procedure in detail. [10]

OR

3. What do you understand by 'Generally Accepted Accounting Principles'? Enumerate the various institutions that influence the Indian GAAP. [10]

- 4.a) What are the objectives of preparing a Trial Balance? How can you validate the balances entered in either column of a Trial Balance?

- b) What type of errors cannot be disclosed in a Trial Balance? [5+5]

OR

5. Aswin purchased a machine for Rs. 2,50,000 with an expected life of 10 years, on 1st April, 2010 and spent Rs. 20,000 towards transportation and installation. He followed straight line method for providing depreciation for 2 years and found unsuitable. On 1st April, 2012, he switched over to Diminishing balance method and continued up to 31st March, 2015. Prepare Machinery Account for the entire period and ascertain the book value on 1st April, 2015. [10]

- 6.a) What factors do you consider while deciding the pricing methods for materials?

- b) The following transactions occur in purchase and issue of materials.

Jan.2 Purchased 4,000 units @ Rs.4.00 per unit,

Jan.20. Purchased 500 units @ Rs.5.00 per unit

Feb.5. Issued 2,000 units

Feb.10. Purchased 6,000 units @ Rs.6.00 per unit

Feb.12. Issued 4,000 units

Mar.2. Issued 1,000 units

Mar.15. Purchased 4,500 units @ Rs.5.50 per unit

Mar.20. Issued 3,000 units

From the above, prepare stores ledger account in two ways: (i) by adopting LIFO method, and (ii) by adopting FIFO method of charging material issues. What would be the valuation of stock at the end of the period according to each of the methods? [4+6]

OR

7. Define the concept 'Goodwill' and bring out the different factors that influence the value of Goodwill of a business firm. Illustrate with imaginary data, any two popular methods of Goodwill. [10]
8. From the following abridged balance sheets of Hansraj as on 31st March, 2015 and 2016, you are required to prepare a schedule of changes in working capital and a fund flow statement: [10]

Liabilities	31.3.2015	31.3.2016	Assets	31.3.2015	31.3.2016
Share capital	Rs.3,00,000	Rs.4,50,000	Fixed Assets	Rs.5,00,000	Rs.6,00,000
Long term borrowings	1,10,000	1,30,000	Less (Accumulated Depreciation)	(50,000)	(60,000)
Short term borrowings	80,000	70,000	Net value of Assets	4,50,000	5,40,000
Current liabilities	40,000	30,000	Current Assets	50,000	1,00,000
			P&L Account	30,000	40,000
	5,30,000	6,80,000		5,30,000	6,80,000

OR

- 9.a) What are the differences between Cash flow statements and Fund flow statements?
 b) What are the limitations of Cash flow statements?
 c) How are cash flows classified as per AS-3? [5+2+3]
10. The following financial statement is summarized from the books of Akhilesh Ltd. as on 31st March, 2016: [10]

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Paid up capital	15,00,000	Fixed Assets	16,50,000
Reserves & surplus	6,00,000	Stock in trade	9,10,000
Debentures	5,00,000	Book Debts	12,40,000
Bank overdraft	2,00,000	Short term investments	1,60,000
Sundry creditors	12,00,000	Cash	40,000
	40,00,000		40,00,000

Additional information:

Annual sales: Rs. 74,40,000 and Gross profit: Rs. 7,44,000

Bank overdraft is payable on demand

You are required to calculate the following ratios for the year and comment on the financial position as revealed by these ratios:

- a) Debt-Equity Ratio b) Current Ratio c) Proprietary Ratio
 d) Gross Profit Ratio e) Debtor-Turnover ratio, and f) Stock-Turnover ratio.

OR

- 11.a) What are the objectives setting up Accounting standards for business Units?
 b) Discuss briefly the various types of Solvency ratios. [5+5]

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