

Code No: 741AC
R17
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA I Semester Examinations, April/May-2019
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.a) Accounting has been often called the language of business. Do you agree? What could be deficient with this description? [5]
- b) What is depreciation? What is the objective of providing for depreciation? List out the various methods of depreciation. [5]
- c) What is goodwill? How is it treated in the books of accounts? [5]
- d) What information can be obtained from cash flow? Explain how cash flow statements are prepared. [5]
- e) Explain the differences between horizontal and vertical analysis. [5]

PART - B
5 × 10 Marks = 50

2. Classify the following under Personal, Real and Nominal account.

a) capital account	b) accrued interest	c) interest on capital
d) interest on drawings	e) goodwill	f) patent and trade marks
g) salary	h) rent	i) current account of a partner
		j) fixtures

 [10]
- OR
- 3.a) Describe the basic concepts and conventions of accounting.
- b) What is basic accounting equation? [7+3]

4. The total debit side of a Trial Balance of a company as at 31st Dec 2017 is 25,000 and credit side is Rs. 5,000

The following mistakes were discovered:

Particulars	Correct fig. Rs	Fig. in Trial Balance. Rs.
Opening stock	17,500	25,700
Rent and rates	250	520
Sundry creditors	15,000	5,000
Commission received	750	750
taken on the debit side		
Miscellaneous income	60	30

Ascertain the correct total of Trial balance.

[10]

OR

5. Following are the extracts from the Trial balance of a firm as on 31st March 2017.

Name of the account	Dr. (Rs.)	Cr. (Rs.)
Furniture and fittings	4,00,000	--
Motor vehicles	2,00,000	--
Plant	2,00,000	--

Additional information:

- Furniture of Rs. 20,000 was purchased on 1st July 2016. Write 10% off the furniture.
- Motor vehicle of Rs.20,000 was acquired on 1st July 2016. Depreciate the motor vehicles at 20% p.a.
- The plant of Rs. 20,000 was acquired during the year, charge depreciation on plant at 10% p.a.

Pass necessary journal entries and show how the items will appear in the firm's final accounts. [10]

- 6.a) Calculate the missing figure:

Capital at the	Rs. 18,000
Capital introduced during the year	Rs. 3,000
Drawings	Rs. 4,000
Loss	Rs. 1,000
Capital at the beginning	?

- b) Calculate the capital of Mr.Ganesh as at 31st December 2015 from the following information. [3+7]

OR

7. Determine the value of stock as per books of AT Ltd.as at 31st march 2016 from the following information:

- The cost of stock as per physical verification as on 24 the March amounted to Rs.1,00,000.
- Purchases as per Purchase Book after stock taking till 31st March amounted to Rs. 1,00,000 and included the following:
Rs. 5,000 for goods received till 23rd March.
Rs. 10,000 for goods received on 1st April
- Sales as per Sales Book after stock taking till 31st March amounted to Rs. 1,00,000 and included the following:
Rs. 5,000 for goods delivered till 23rd march.
Rs. 10,000 for goods delivered on 1st April.
- Goods are sold by the trader at a profit of 25% on cost.
Also determine the cost of physical stock as on 31st March 2016. [10]

8. The following information and the balance sheet relate to Shyamsons Ltd.

Particulars	Year 1 Rs.	Year 2 Rs.
Assets		
cash	10,000	15,000
Receivables	20,000	25,000
Inventory	20,000	35,000
Plant and machinery at cost	85,000	85,000
Less: accumulated depreciation	(15,000)	(10,000)
	1,20,000	1,50,000
Liabilities and capital		
Sundry creditors	8,000	10,000
Outstanding expenses	7,000	10,000
Debenture payable	10,000	5,000
Long term loans	5,000	25,000
Capital	50,000	50,000
Retained earnings	40,000	50,000
	1,20,000	1,50,000

Net profit for the period after charging Rs.5,000 on account of depreciation was Rs.20,000. A piece of equipment costing Rs.25,000 on which depreciation accumulated in the amount of Rs.10,000 was sold for Rs.10,000. Dividend paid during the year amounted to Rs.10,000.

Prepare a Source and use of funds statement.

[10]

OR

- 9.a) How does the statement of cash flows differ from the funds flow statement?
 b) How will the following transactions be shown in the statement of cash flows:
 i) Acquisitions of the assets of another company by issuance of shares for Rs.1,60,000.
 ii) conversion of 10,000 preference shares of Rs. 100 each to 50,000 equity shares at a premium of Rs. 10 per share.
 iii) Entering into finance lease for a new plant with a value of Rs. 2,30,000? [6+4]
10. The National Bank Limited has been approached by two customers for a short term loan of Rs.50,000. The following summarized financial information is available from the latest financial statements:

Particulars	Granny foods Rs.	Home foods Rs.
Net sales	9,10,000	7,50,000
Gross profit margin	3,82,200	2,92,500
Interest expense	20,000	8,200
Income tax	75,000	50,000
Profit after tax	82,000	56,250
Inventories	90,000	65,200
Debtors	70,000	56,000
Cash	6,000	18,000
Current liabilities	1,82,600	1,16,000
Long term liabilities	1,60,000	1,30,000
Shareholders equity	1,80,000	1,40,000

The bank intends to accept one of the two loan requests. Which customer's loan request should be accepted? Why?

[10]

**OR**

- 11.a) A five year comparative analysis of Low Light Company's current ratio and quick ratio follows:

Particulars	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009
Current ratio	1.19	1.85	2.50	3.40	4.02
Acid test ratio	1.15	1.02	0.98	0.72	0.50

- i) What has been happening on the liquidity of Low Light Company over the five years presented?
ii) Considering both ratios what does the trend indicate about, what has happened to the makeup of Low Light's current assets over the five year period?
- b) What is solvency? Define and explain two of the ratios for solvency. [5+5]

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