

**R17****Code No: 741AC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, January - 2020****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. Answer the following:

- a) Explain any THREE accounting conventions. [5]
- b) What is the difference between Journal and Ledger, Explain with examples? [5]
- c) What are the possible reasons for keeping incomplete records? Explain any three? What are the features of incomplete records? [5]
- d) What is funds flow in accounting? Distinguish between Funds Flow and Cash Flow. [5]
- e) What is Du Pont Chart Analysis? Draw the DuPont and explain its significance. [5]

**PART - B****5 × 10 Marks = 50**

2.a) What is Book-Keeping? Differentiate between Single Entry and Double Entry with examples.

b) What are generally accepted accounting principles (GAAP) issued by ICAI? [5+5]

**OR**

3.a) Discuss the following accounting standards accepted under IAS

- i) AS2- Valuation of Inventory
- ii) AS3- Cash flow statement
- iii) AS6- Depreciation Accounting
- iv) AS-10- Accounting for fixed assets

b) Explain the following:

- i) Cash Vs Credit transactions
- ii) Sundry Debtors Vs. Bills Receivables
- iii) Simple average method of material issues [5+5]

4.a) Explain the concept of depreciation? What is accumulated depreciation? Discuss the different methods of depreciation with their relative merits and demerits.

b) Explain the following:

- i) Current Assets Vs. Fixed Assets
- ii) Cash expenses Vs. non-cash expenses
- iii) Depletion Vs. Amortization [5+5]

**OR**

5. From the following ledger balances of M/s Aravind and Company as on 31-12-2013, prepare a) Trial Balance b) Final Accounts.

All figures are given in Rupees.

i)	Capital	72000
ii)	Creditors	17440
iii)	Bills Payable	5054
iv)	Sales	156364
v)	Loan	24000
vi)	Debtors	7770
vii)	Salaries	8000
viii)	Discount-Dr	2000
ix)	postage	546
x)	bad debts	574
xi)	interest-Dr	2590
xii)	insurance	834
xiii)	Machinery	20000
xiv)	Stock as on 01.01.13	= 19890
xv)	purchases	124000
xvi)	Wages	8600
xvii)	buildings	47560
xviii)	Furniture	32310 and
xix)	Vehicles	28600

[10]

6. Why is Inventory Valuation necessary? Discuss various methods of Inventory Valuation with their relative merits and demerits. [10]

**OR**

7. Define Goodwill? How does the Nature of Business and the Quality of Product affect the value of good will of a firm? Discuss and explain any two methods of valuation of goodwill with suitable examples. [10]

8. From the following information relating to A Limited, prepare

a) Statement of changes in the requirements of working capital

b) Funds Flow statement and

c) Cash flow statement

Liabilities (Rs.000)	2013	2014	Assets (Rs.000)	2013	2014
Share capital	300	400	Cash	30	90
Reserves	100	50	Receivables	105	150
Retained Earnings	30	60	Inventories	150	195
Payables	45	135	Fixed Assets	190	210
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	475	645		475	645
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Additional Information:

The company purchased the worth of Rs. 40000 furniture, Rs. 50000 vehicles and Rs. 10000 Loose Tools by issue of share capital

A Piece of fixed asset, book value of which is Rs. 10000/- depreciation on it is Rs. 3000/-, sold for Rs. 5000/-

Tax paid during the year Rs. 43000

Dividend paid during the year Rs. 26000

[10]

OR

- 9.a) Ramco Cements presents the following information and you are required to calculate Funds From Operation.

Dr	Profit and Loss Account		Cr
By Gross Profit b/d	215000		
To Operation Expenses	100000		
To Depreciation	40000	By Gain on sale of plant	5000
To Loss on sale of building	10000		
To Advertisement suspense a/c	5000		
To Discount Allowed	500		
To Discount on issue of shares	500		
To Goodwill written off	12000		
To Net Profit c/d	52000		
	<u>220000</u>		<u>220000</u>

- b) The Balance Sheets of National Company as on 31st December, 2017 and 2018 has been presented below:

Liabilities (Rs)	2017	2018	Assets (Rs)	2017	2018
Share capital	500000	700000	Buildings	80000	120000
Profit and Loss Account	100000	160000	Machinery	500000	800000
General Reserve	50000	70000	Stock	100000	75000
Sundry Creditors	153000	190000	Debtors	150000	160000
Bills payable	40000	50000	Cash	20000	20000
Expenses outstanding	4000	3000			
Outstanding telephone Charges	3000	2000			
	<u>850000</u>	<u>1175000</u>		<u>850000</u>	<u>1175000</u>

From the above, prepare the statement of changes in the requirements of working capital.

[5+5]

10. Following is the summarized Balance Sheet of ABC Company as on 31-12-2015

Liabilities (Rs)		Assets (Rs)	
Equity share capital	250000	Goodwill	20000
6% preference capital	150000	Buildings	250000
General Reserve	20000	Machinery	175000
Profit and Loss Account	15000	Furniture	10000
5% Debentures	100000	Stock	90000
Sundry creditors	28000	Sundry debtors	21000
Bills payable	12000	Cash at Bank	5000
Preliminary expenses	4000		
	<u>575000</u>		<u>575000</u>

Other Information:

Total Sales Rs. 4 Lakhs. 20 percent of which is made on credit. Gross Profit and Net Profit (after tax) for the year ended amounted to Rs. 80000 and 20000 respectively.

Calculate and interpret the following ratios:

- a) Current Ratio b) Liquid Ratio c) Proprietary fund ratio d) Fixed Assets to proprietary fund ratio e) Debt-equity ratio f) Capital gearing ratio g) Gross Profit ratio h) Net Profit Ratio i) Stock turnover Ratio j) Debtors turnover ratio k) Return on proprietors fund l) Turnover to fixed assets ratio [10]

**OR**

11. From the following information, prepare the Balance Sheet of PQR Company Limited as on 31-03.2012, with as many details as possible

- a) paid up capital Rs. 50 lakhs  
b) Plant and Machinery Rs. 125 Lakhs  
c) Total Annual Sales Rs. 500 lakhs  
d) Gross profit margin 25 percent  
e) Annual Credit sales 80 percent of net sales  
f) Current ratio 2 (7) Inventory turnover ratio 4  
g) Fixed assets turnover ratio 2  
h) Sales returns 20 percent of sales  
i) Average collection period 73 days  
j) Bank credit to trade credit 2  
k) cash to inventory 1:15  
l) Total debt to current liabilities 3 [10]

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