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**Code No: MA 104****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA - I Semester Examinations, January 2011****FINANCIAL ACCOUNTING AND ANALYSIS****Time: 3hours****Max. Marks: 60****Answer any five questions****All questions carry equal marks**

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1. What do you mean by GAAP? How are they different from the Accounting standards issued by Chartered Accountants of India?
2. From the balances given below and the adjustments that follow, prepare Trading and Profit and Loss Account for the year ending March 31<sup>st</sup> 2007 and a Balance sheet as on that date:

Dr. Balances	Rs.	Cr. Balances	Rs.
Opening Stock	45,000	Capital	75,000
Purchases	2,25,000	Sales	4,20,750
Plant and Machinery	75,000	Creditors	15,000
Trade Charges	10,000	Bad Debts Provision	200
Carriage Inward	2,500	Bills Payable	2,000
Carriage Outward	1,500		
Factory Rent	1,500		
Discount	350		
Insurance	700		
Debtors	60,000		
Office Rent	3,000		
Printing & Stationary	600		
General expenses	2,800		
Advertising	15,000		
Bills Receivable	3,000		
Drawings	6,000		
Salaries	18,000		
Manufacturing Wages	20,000		
Furniture & Fixtures	7,500		
Coal, gas & Water	1,000		
Cash in Hand	2,000		
Cash at Bank	2,500		
	_____		_____
Total	5, 12,950		5, 12,950
	_____		_____

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Adjustments:

1. Closing stock Rs. 35,000.
  2. Depreciation on Plant and Machinery and Furniture is 10% and 5% respectively.
  3. Bad debts reserve is to be raised to  $2\frac{1}{2}$  % on Debtors.
  4. Provide for Outstanding liabilities of Factory Rent Rs.300 and Office Rent Rs. 600.
  5. Insurance includes Rs.100 in respect of 2007-08.
3. What is depreciation? What is the purpose of providing depreciation? Describe any two methods of depreciation along with its merits?
  4. What is inventory? Describe briefly the difference of LIFO and FIFO methods of valuation. What is the impact of inventory valuation on income?
  5. A Ltd. Issued 10,000 shares of Rs.100 each at Rs.120 payable as follows:  
Rs. 25 on application  
Rs. 45 on allotment (including premium)  
Rs. 20 on First call  
Rs. 30 on Final call  
9,000 shares were applied for and allotted. All money were received with the exception of First and Final calls on 200 shares held by Ram. These shares were forfeited.  
Give the Journal entries, ledger accounts and Balance Sheet.
  6. What are the different methods of financial analysis? Describe them briefly.
  7. Balance Sheets of M/s A and B as on 1<sup>st</sup> January and 31<sup>st</sup> December 2005 were as follows:

Liabilities	1-1-2005	31-12-2005	Assets	1-1-2005	31-12-2005
Capital	1,50,000	1,90,000	Cash	20,000	26,000
Mrs. B's Loan	30,000		Debtors	54,000	76,000
Loan from SBI	60,000	80,000	Stock	48,000	42,000
Sundry Creditors	50,000	56,000	Furniture	2,000	2,000
			Machinery	90,000	65,000
			Land	36,000	45,000
			Building	40,000	70,000
	<b>2,90,000</b>	<b>3,26,000</b>		<b>2,90,000</b>	<b>3,26,000</b>

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During the year a machine costing Rs.12, 000 (accumulated depreciation Rs. 4,000) was sold for Rs. 5,500. The provision for depreciation against machinery as on 1<sup>st</sup> January 2005 was Rs. 24,000 and on 31<sup>st</sup> December 2005 Rs.37, 000. Net profit for the year 2005 amounted to Rs.60,000. Prepare Funds flow statement.

8. Calculate the balance sheet items given in the under mentioned proforma with the help of following ratios:

Total Assets/Net worth 3.5

Sales/Inventory 15

Sales / Fixed Assets 6

Sales / Debtors 18

Sales / Current Assets 8

Current Ratio 2.5

Annual Sales Rs. 25 lakhs.

#### Balance Sheet

Liabilities	Rs.	Assets	Rs.
Net worth		Fixed Assets	
Long term debt		Inventory	
Current Liabilities		Debtors	
		Liquid assets	
		Total current assets	
Total		Total	

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