

R07**Code No: MA 114****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA – I Semester Examinations, February 2011****FINANCIAL ACCOUNTING AND ANALYSIS****Time: 3hours****Max. Marks: 60****Answer any five questions****All questions carry equal marks**

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1. Explain the accounting standards and international accounting committee standards.
2. From the following balances taken from the ledger of Shri Krishna on 31st march 1989, prepare the trading and profit & loss account for year ended 31st march 1989 and the balance sheet as at 31st march 1989 of Shri Krishna:

Particulars	Amount	Particulars	Amount
Sundry creditors	19000	Bad debts	100
Building	15000	Loan from ram	2500
Income tax	1025	Sundry debtors	9500
Loose tools	1000	Investments	6500
Cash at bank	16200	Bad debts reserve	1600
Sundry expenses	1990	Rent and rates	850
Bank interest(cr)	75	Furniture	3000
Purchases	157000	Stock(1.4.1988)	27350
Wages	10000	Capital	47390
Carriage inwards	1120	Discount allowed	630
Sales	185000	Dividends received	535
Motor van	12500	Drawings	2000
Cash in hand	335	Bills payable	10000

Adjustments to be taken into account:

- a) Write off further Rs 300 as bad out of sundry debtors and create a reserve for bad Debts at 20% on debtors.
 - b) Dividends accrued and due on investments is Rs 135. Rates paid in advance Rs 100 and wages owing Rs 450.
 - c) On 31.3.1989 stock was valued at Rs 15000 and loose tools were valued at Rs 800.
 - d) Write off 5% for depreciation on building and 40% on motor van.
 - e) Provide for interest at 12% per annum due on loan taken on 1.6.88.
 - f) Income tax paid has to be treated as drawing.
3. A second hand machinery was purchased on 1st January, 1985 for Rs 30000 and Rs 6000 and Rs4000 were spent on its repairs and erection immediately. On 1st July, 1986, machinery was purchased for Rs 26000 and on 1st July 1987, the machinery having become obsolete was auctioned for Rs 30000. On the same date another

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machine was purchased for Rs 25000. On 1st, July 1988 the second machine was sold off and it fetched Rs23000. Depreciation was provided on machinery at rate of 10% on original cost annually on 31st December. In 1987, the method of providing depreciation was changed to the written down method, the rate of depreciation being 15%. You are required to prepare machinery account for all the calendar years mentioned above.

4. Discuss the meaning and accounting treatment of various kinds of material losses.
5. The balance sheet of Anil brother's ltd. disclosed the following information on 31st December, 1996
- | | |
|--|----------------|
| 15% debentures | Rs. 15, 00,000 |
| Debenture redemption fund | Rs.11, 63,600 |
| Debenture redemption fund investments: | |
| 10% government securities | Rs.11, 63,600 |
- The contribution to the debenture redemption fund was Rs.1, 30,800 per annum for the year 1997 and year 1998. Debentures fell due for payment on 31st December, 1998. Prepare the above accounts in the books of the company assuming that securities were realized on 31st December, 1997 for a sum of Rs 13, 52,000 and interest on securities on 31st December was immediately invested.
6. Prepare a cash flow statement of a corporation from the following information:

Balance sheet as on 1st December 2000

particulars	1 st January	31 st December
Current assets:	Rs	Rs
Cash and bank	40,000	44,400
Accounts receivable	10,000	20,700
Inventories	15,000	15,000
Land	4,000	4,000
Business premises	20,000	16,000
Plant and equipment	15,000	17,000
Accumulated depreciation	(5,000)	(2,800)
Patents and trade mark	1,000	900
	1,00,000	1,15,200
Current liabilities:		
Current liabilities	30,000	32,000
Bond payable	22,000	22,000
Bonds payable discount	(2,000)	(1,800)
Capital stock	35,000	43,500
Retained earnings	15,000	19,500
	1,00,000	1,15,200

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Additional information:

- (a) A building that cost Rs.4, 000 and which had scrap of Rs 1000 was sold for Rs.1, 400.
- (b) The depreciation charges for the period was Rs 800.
- (c) There was a Rs 5,000 issue of capital stock.
- (d) Cash dividend of Rs 2,000 and a stock dividend for Rs 3,500 were declared.

7. The Summary of balance sheet data in respect of A ltd and B ltd is as under:

	A ltd	B ltd
Building	1,00,000	4,50,000
Machinery	3,00,000	7,50,000
Share capital	4,50,000	14,50,000
Retained earnings	50,000	33,000
Debtors	1,51,000	1,60,000
Stocks	2,17,999	60,000
Cash	10,000	5,000
Prepaid expenses	5,000	3,000
Creditors	91,000	1,00,000
Liability for expenses	9,000	17,000
Preliminary expenses	10,000	15,000

Prepare common size balance sheet.

8. Explain the concept of corporate governance?

FIRSTRANKER