

Code No: 711AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, April/May-2019

FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3hours

Max.Marks:60

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 20 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 8 marks and may have a, b, c as sub questions.

PART - A**5 × 4 marks = 20**

- 1.a) What is meant by Generally Accepted Accounting Principles (GAAP)? [4]
- b) Distinguish between a Trading Account and a Profit and Loss Account. [4]
- c) State the meaning of Inventory as per AS-2. [4]
- d) State the meaning of funds flow statement. [4]
- e) State the need of analysis and interpretation of financial statements. [4]

PART - B**5 × 8 marks = 40**

2. Define accounting and explain the objectives of accounting. Who are the users of financial statements? [8]

OR

3. What is meant by accounting? Discuss the advantages and limitations of accounting and brief on accounting cycle. [8]
4. State the meaning and procedure of ledger posting. Also state the procedure of balancing an account. [8]

OR

5. Prepare a Trading and Profit and loss Account and also a Balance Sheet from the following information.

Trial Balance as on 31st December 2015

Particulars	Amount(Dr.)	Particulars	Amount(Cr.)
Opening Stock	30,000	Capital	1,60,000
Purchases	1,64,000	Creditors	20,000
Returns Inward	4,000	Sales	2,40,000
Frieght and Duty	4,000	Returns Outward	2,000
Carriage Outward	1,000	Discount	800
Rent and Rates	9,200	Commission	1,600
Printing and Stationary	1,600	Sundry income	2,400
Trade Expenses	800		
Postage & Telegram	1,600		
Insurance Premium	1,400		
Salaries & Wages	42,600		
Cash in hand	12,400		
Cash at bank	41,000		
Plant and Machinery	52,000		
Sundry and Debtors	41,200		
Furniture and Fixtures	20,000		
Total	4,26,800		4,26,800

Adjustments:

- Closing stock Rs.36, 000.
- Provide 10% Depreciation on plant and Machinery and furniture & fixtures.
- Provide for Bad Debts at 5%.
- Outstanding Rent and Rates Rs.2,800.

[8]

- State the Meaning of FIFO Method, LIFO Method, Simple average Cost Method and weighted average cost method of the valuation of inventory. Also give their advantages and disadvantages. [8]

OR

- X Ltd. issued 20,000 equity shares of Rs. 10 each at a discount of 10%. The amount payable was Rs. 2 on application, Rs. 3 on allotment and Rs. 5 on first and final call. Mr.Y, the holder of 1,000 shares, did not pay the amount due on call and his shares were forfeited by the company. Discount was to be allowed on allotment. Show the entries. [8]

- What is cash flow statement? What are its objectives? Differentiate between cash flow statement and fund flow statement. [8]

OR

- From the following balance sheets of M/S Ganesh Industries, prepare a funds flow statement:

Liabilities	2009	2010	Assets	2009	2010
Share capital	2,50,000	2,50,000	Cash	15,000	25,000
10% Debentures	40,000	40,000	Debtors	45,000	40,000
General Reserve	20,000	30,000	Stock	62,000	72,000
P&L A/c	35,000	42,000	Investments	24,000	30,000
Creditors	40,000	68,000	Land & building	1,50,000	1,50,000
Outstanding Expenses.	5,000	7,000	Plant & Machinery	80,000	1,00,000
			Furniture	15,000	20,000
Total	3,91,000	4,37,000		3,91,000	4,37,000

Additional information:

- Depreciation charged during the year – Rs. 16,000 on machinery and Rs. 2,000 on furniture.
- Dividend paid during the year Rs.25, 000
- Net profit for the year amounted to Rs. 50,000.

[8]

- State the meaning, uses and limitations of ratio analysis. How can these limitations be overcome? [8]

OR

11. From the following information of Ajay Ltd. and Sanjay Ltd., Calculate and comment on the short term solvency position of the two companies: [8]

Item	Ajay Ltd	Sanjay Ltd
Current Assets	Rs.	Rs.
Cash in hand	40,000	16,000
Cash at bank	1,20,000	64,000
Debtors	2,80,000	1,20,000
Short term investment	1,60,000	80,000
Stock	14,00,000	5,20,000
Total	20,00,000	8,00,000
Current Liabilities	Rs.	Rs.
Creditors	8,00,000	2,00,000
Bills payable	1,20,000	40,000
Outstanding expenses	80,000	40,000
Total	10,00,000	2,80,000

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