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Code No: 711AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD MBA I Semester Examinations, October/November-2020 FINANCIAL ACCOUNTING AND ANALYSIS

Time: 2 hours Max.Marks:60

Answer any five questions All questions carry equal marks

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- 1.a) Explain briefly the following accounting concepts:
 - i) money measurement
- ii) realization
- b) Classify the following accounts:
 - i) drawing a/c ii) bank a/c iii) bills receivable a/c iv) bad debts a/c v) goodwill a/c
 - vi) Reserve for discount on creditors vii) Machinery a/c. viii) salaries a/c

[6+6]

2. Prepare a Trial Balance as on 31.3.18 from the following data.

[12]

Particulars	Rs.	Particulars	Rs.
Purchases	1,65,625	Trade expenses	2,314
Sales	2,56,650	Rent, rates and taxes	3,517
Sales returns	4,250	Bad debts	525
Purchases returns	3,120	Interest on investments	800
Stock 1-4-17	26,725	Loan to A	3,000
Sundry debtors	40,200	Investments	11,500
Wages	20,137	Capital	28,000
Salaries	8,575	Outstanding wages	2,017
Furniture	6,575	Outstanding rent	750
Bad debts reserve	5,200	Prepaid insurance	524
Sundry creditors	25,526	Cash in hand and bank	5,725
Parents	4,500	Bills receivable	17,070
Postage	3,226	Drawings	6,000
Bills payable	8,950	Depreciation on furniture	675
Lighting	350		_

3. On 1st Jan 2010 a company purchased machinery for Rs. 12,00,000 and on June 30, 2011, one more machine of worth Rs.2,00,000. On 31s March 2012, one of the original machine which had cost Rs.50,000 was found to have become obsolete and was sold as scrap for Rs. 7,000. It was replaced on that date by a new machine costing Rs.80,000. Depreciation to be provided at 15% p.a. on W.D.V method. Accounts are closed 31

December every year. Show machinery account for 3 years. [12]

4. From the particulars given below write up the stores ledger card:

2018 Jan 01	Opening stock	1000 units at Rs.26 each
05	Purchased	500 units at Rs. 24.50 each
07	Issued	750 units.
10	Purchased	1500 units at Rs. 24 each.
12	Issued	1100 units
15	Purchased	1000 units at Rs. 25 each
17	Issued	500 units
18	Issued	300 units
25	Purchased	1500 units at Rs.26 each
29	Issued	1500 units

Adopt the FIFO method of issue and ascertain the value of the closing stock.

5. A company issues 15%, 1000 debentures of Rs.100 each at 10% discount redeemable after a period of five years. According to the terms and conditions of issue these debentures were redeemable at a premium of 15%. The debentures holders had also the option at the time of redemption to get converted 20% of their holdings into equity shares of Rs.10 each at a pre-determined price of Rs.20 per share and the balance in cash. Holders of debentures of Rs.80,000 pre-converted into equity shares as per terms of issue. Pass the necessary journal entries. [12]

6. From the following summarized Balance Sheets of A. Ltd. as on \$\frac{3}{2}\$ IDec 2017 and 2018, prepare a statement showing the sources and applications of funds and the schedule showing changes in the working capital.

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Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs.		
Share capital	9,00,000	9,00,000	Fixed assets	8,00,000	6,40,000		
General reserve	6,88,000	6,20,000	Investments	1,00,000	1,20,000		
Profit and Loss	1,12,000	1,36,000	Stock	4,80,000	4,20,000		
Creditors	3,36,000	2,68,000	Debtors	4,20,000	9,10,000		
Provision for tex	1,50,000	20,000	Bank	2,98,000	3,94,000		
Loan		5,40,000					
	20,98,000	24,84,000		20,98,000	24,84,000		

[12]

[12]

7. Calculate Debtors turnover (times), Debtors turnover (percentage) and collection period from the following details:

Opening balance of debtors	Rs.10,000
Credit sales during the year	Rs.20,000
Sales returns	Rs.1,000
Discount on sales	Rs.50
Cash collected from Debtors during the year	Rs.5000
Bad debts	Rs.500

Bad debt provision at 10% [12]

8.a) What are the reasons for companies resorting to window dressing? How can it be detected?

b) Discuss briefly the role of ICAI in formulating and implementation of accounting principles. [6+6]

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