

Code No: 761AC

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

Time: 2 hours

Max.Marks:75

**Answer any five questions**  
**All questions carry equal marks**

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- 1.a) Explain briefly the basic concepts and conventions of accounting.  
b) "Accounting is a service activity its function is to provide qualitative information"  
Comment. [8+7]
- 2.a) Explain the Methods of depreciation and their impact on measurement of business Accounting.  
b) State the accounts involved in the following transactions and which account is to be debited and which account is credited.  
April 2016  
1. Karthik commences business with Rs.1,00,000.  
2. Purchase furniture for Rs.5,000.  
3. Sold goods for cash Rs.5,000.  
4. Sold goods to Raj for Rs.20,000.  
5. Paid salaries Rs.10,000.  
6. Purchased goods from Ram for cash Rs.9,000.  
7. Commission received Rs.800.  
8. Paid outstanding expenses Rs.900. [7+8]
- 3.a) Explain the procedure for valuation of Tangible and Intangible assets.  
b) On January 1st, 2009 an asset was purchased for Rs.1,50,000/-. What would be its book value after three years if it was depreciated by straight line and written down value methods at the rate of 10% p.a.? [8+7]
- 4.a) Explain the advantages and disadvantages of single entry system.  
b) The following purchases and issue were made in a company:
- | Date      | Particulars | Units | Rate  |
|-----------|-------------|-------|-------|
| 1-8-2006  | Purchases   | 300   | Rs.15 |
| 6-8-2006  | Issues      | 200   |       |
| 10-8-2006 | Purchases   | 400   | Rs.20 |
| 15-8-2006 | Issues      | 450   |       |
| 22-8-2006 | Purchases   | 400   | Rs.25 |
- What will be the value of stock on 22-8-2006 as per FIFO method? [7+8]
- 5.a) What is Goodwill? Explain the methods of valuation of goodwill.  
b) Explain the accounting treatment for calculation of missing figures. [8+7]
- 6.a) Discuss briefly the major classification of cash flow as per AS-3 (revised).  
b) Balance sheet of ABC Ltd., for two years is given below:

Liabilities	31.12.2014	31.12.2015
Share Capital	200000	260000
P&L Account	39690	41220
Reserves	50000	50000
Sundry creditors	39500	41135
Bills payable	33780	11525
Bank over draft	59510	----
Provision for taxation	40000	50000
	462480	453880

Assets	31.12.2014	31.12.2015
Goodwill	-----	20000
Land and Building	112450	116200
Plant and Machinery	148000	144250
Stocks	111040	97370
Sundry Debtors	85175	72625
Bills receivable	2315	735
Cash	2500	2700
	461480	453880

**Additional information:**

1. During the year ending 31.12.2015, an interim dividend of Rs.2600 was paid.
2. Income tax paid during the year amounted to Rs.25000
3. The net profit for the year before tax was Rs. 62530

You are required to prepare statement of changes on working capital, treating provision for taxation as a current liability.

[8+7]

7.a) "Financial analysis is a continuous process being applicable to every business to evaluate its past performance and current financial position". Comment.

b) From the balance sheet given below, calculate:

- i) Working capital,
- ii) Current Ratio,
- iii) Acid test Ratio
- iv) Debt Equity Ratio,
- v) Assets Proprietorship Ratio

BALANCE SHEET OF ABC COMPANY LTD., as on 31<sup>st</sup> December 2006

Liabilities	Amount	Assets	Amount
Shareholders fund:		Fixed assets	1,80,000
Equity share capital:	1,50,000	Current assets:	
12% Pref. share capital:	30,000	Cash in Hand:	2,000
Reserves and surplus:	24,000	Cash at bank:	4,000
	2,04,000	Sundry Debtors:	10,000
15% Debentures	48,000	Stores:	12,000
Bank overdraft:	12,000	Stock-in-Trade:	32,000
	60,000		
Sundry creditors:	16,000		
Proposed dividend:	2,000	Preliminary expenses	48,000
Provision for taxation:	10,000		40,000
Discount on issue of Debenture	4,000		
	2,92,000		2,92,000

[7+8]

8.a) Bring out a general view on Financial Accounting practices issued by ICAI.

b) What are International Financial Reporting Standards (IFRS)? Explain.

[8+7]

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