

**Code No: 761AC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, July/August - 2021****FINANCIAL ACCOUNTING AND ANALYSIS****Time: 3 hours****Max.Marks:75**

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

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- 1.a) Explain the Double Entry System of book-keeping. What are its advantages?  
b) Distinguish between Book-keeping and Accounting. [7+8]
2. Explain the different categories of accounting transactions. State the rules of 'debit and credit' in this connection and brief on accounting concepts. [15]
3. Journalize the following transactions and prepare Cash A/C, Purchases A/C, Lal A/C  
June 1<sup>st</sup> 2015 Aakash commenced business with cash-80,000 and goods-20,000  
3 Cash purchases-5,000  
5 Sales to Swathi (10% trade discount) 16,000  
7 Discount allowed-150  
8 Credit purchases from Lal-18,000  
9 Cash received from swamy-7,000  
10 Rama Rao purchased goods-2,000  
12 Returned to lal-5,000  
13 Paid salaries to Rae-2,000  
15 Commission received from Raghava-500  
18 Taxes-750  
22 Audit fees-200  
24 Received interest from Narayana-600  
25 Purchase of tools-1,200  
30 Cash withdrawn for personal use-2,000  
30 Paid cash to Krishna on loan account-5,000  
30 Deposited into bank-10,000 [15]

4. The following is the trial balance extracted from the book of Nitin as on 31-3-2009.

Particulars	Debit Rs.	Credit Rs.
Capital account		1,00,000
Plant and machinery	78,000	
Furniture	2,000	
Purchases and sales	60,000	1,27,000
Returns	1,000	750
Opening stock	30,000	
Discount	425	800
Debtors / creditors	45,000	25,000
Salaries	7,550	
Wages	10,000	
Carriage outwards	1,200	
Provision for doubtful debts		525
Rent	10,000	
Advertisements	2,000	
Cash	6,900	
	<b>2,54,075</b>	<b>2,54,075</b>

Prepare trading and profit and loss account 31-3-2009 and balance sheet on that date after taking into account the following adjustments.

Closing stock-34,220

Provision for doubtful debts is to be kept at Rs.500

Depreciation on plant and machinery @10%

The proprietor has taken goods worth Rs. 5,000 for personal use and additionally distributed goods worth Rs.1,000 as samples.

Purchase of furniture Rs.920 has been passed through purchases book. [15]

5. Explain the different methods of inventory valuation with suitable examples and brief on the procedure for ascertainment of profit from incomplete records. [15]

6. The following are the details of a spare parts of Saketh Mills:

1-01-15 Opening stock	NIL
1-01-15 Purchases	100 units @Rs. 30 per unit
15-01-15 Issued for Consumption	50 units
1-02-15 Purchases	200 units @Rs. 40 per unit
15-02-15 Issued for consumption	100 units
20-02-15 Issued for consumption	100 units
1-03-15 Purchases	150 units @Rs. 50 per unit
15-03-15 Issued for consumption	100 units

Find out the value of stock as on 31-03-15 if the company follows:

- First-in-First-out Basis
- Last-in-First-out Basis
- Weighted Average Basis.

[15]

- 7.a) What do you understand by Working capital? Mention various sources for mobilising of working capital funds.
- b) Following are the summarized Balance Sheet of A. Co Ltd as on 31<sup>st</sup> December, 2004 and 2005

Liabilities	2004 Rs.	2005 Rs.	Assets	2004 Rs.	2005 Rs.
Share Capital	2,00,000	2,50,000	Land & Buildings	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery & Plant	1,50,000	1,69,000
Profit & Loss A/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan	70,000	---	Sundry Debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Provision for			Bank	---	8,000
Taxation	30,000	35,000	Goodwill	---	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information supplied:

During the year ended 31<sup>st</sup> December 2005:

- a) Dividend of Rs. 23,000 was paid:
- b) Assets of another company were purchased for a consideration of Rs. 50,000 payable in shares. The following assets were purchased: Stock Rs. 20,000: Machinery Rs. 25,000
- c) Machinery was purchased for Rs. 8,000
- d) Depreciation written off: Building Rs. 10,000, Machinery Rs. 14,000
- e) Income Tax paid during the year Rs. 28,000. Provision of Rs. 33,000 was charged to profit and loss A/c

Prepare a statement of sources and applications of funds for the year ended 31<sup>st</sup> December 2005 [15]

- 8.a) Discuss about the significance of Financial Statement Analysis.
- b) From the following information prepare the Balance Sheet of Rajesh as on 31-3-2015  
Fixed Assets Rs. 6 lakhs; Working Capital Rs. 4 lakhs; Current Ratio 2, Fixed to assets to turnover 4; C/P 25%; Debtors velocity 1.5 months; Creditors velocity 2 months; Stock 2 months; Net Profit 5% of turnover; Reserve 2/3 of net profits and Capital Gearing 1:1. [7+8]

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