

Code No: 761AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, October/November - 2022

FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours

Max.Marks:75

Answer any five questions
All questions carry equal marks

- 1.a) What is an accounting cycle? List the sequential steps in accounting process.
b) Prove that the accounting equation is satisfied in all the following transactions of Suresh.
Commenced business with a cash Rs.36,00,000
Paid rent in advance Rs. 30,000
Purchased goods for cash Rs.18,00,000 and credit Rs.12,00,000.
Sold goods for cash Rs.18,00,000 costing Rs.12,00,000.
Paid salary Rs. 30,000 and salary outstanding Rs.6,000
Bought secondhand car for personal use Rs.3,00,000. [9+6]
- 2.a) Explain the basic accounting principles.
b) What is double entry system of accounting? What are its advantages? [8+7]
3. Below are selected transactions from journal of PFM Co Ltd. during the past month. Post them to respective accounts and then prepare a Trial balance. [15]

Date	Account title	Debit Rs.	Credit Rs.
Sep 01	Cash	18,55,000	
	Common stock		18,55,000
01	Photo equipment	17,50,000	
	Cash		4,00,000
	Bills payable		13,50,000
	Cash	5,25,000	
	Service revenue		5,25,000
26	Bills receivable	11,82,500	
	Services revenue		11,82,500
30	Cash	1,65,000	
	Bills receivable		1,65,000

4. A company had bought machinery for Rs.20,00,000 including a boiler worth Rs.2,00,000. The machinery account had been credited for depreciation on the Reducing Instalment System for the past four years at the rate of 10% p.a. In the beginning of the fifth year, the boiler became useless on account of damage to some of its vital parts and the damaged boiler is sold for Rs.40,000. You are required to write up the machinery account for five years. [15]

5. Gopal keeps his books by the single-entry method. His position on 31st December 2020 and on 31st December 2021 are as follows:

Particulars	31 st Dec 2020 Rs.	31 st Dec 2021 Rs.
Cash in hand	30,000	20,000
Cash at Bank	2,50,000	2,80,000
debtors	1,80,000	2,50,000
stock	2,90,000	3,10,000
furniture	50,000	60,000
machinery	50,000	50,000
Creditors for goods	1,80,000	2,50,000
Expenses outstanding	15,000	-----
Prepaid insurance	---	4,000

On 1st October 2020 Gopal introduced Rs.50,000 as further capital in the business and withdrew on the same date Rs.20,000 for personal use.

Depreciation is to be calculated on machinery at 10% p.a. A provision for doubtful debts is to be created on sundry debtors at 5%. Goods taken for personal use amounted to Rs.15,000. Also provide interest on capital at 10% p.a.

Prepare the necessary statement showing the profit or loss made by him during the year ending 31st Dec.2021. [15]

6. A company started on 1st January 2021 purchased raw material during 2021 as sated below:

Jan 02	800 kg	@ Rs. 62 per kg
Feb 26	1,200 kg	@ Rs. 57 per kg.
April 13	2,500 kg	@ Rs. 59 per kg.
July 10	3,000 kg	@ Rs.56 per kg
Sep 18	1,500 kg	@ Rs. 60 per kg
Nov 29	1,000 kg	@ Rs. 65 per kg

While preparing its final accounts on 31st Dec.2021 the company had 1,300 kgs of raw material in its stores. Calculate the values of closing stock of raw materials according to FIFO, LIFO and weighted average basis [15]

7. What is cash flow statement? What is fund flow statement? What are their applications? [15]

- 8.a) A Company sells goods on cash as well as credit (though not on deferred instalment terms). The following particulars are extracted from their books of accounts for the calendar year 2020.

Particulars	Rs.
Total gross sales	20,00,000
Sales returns	4,00,000
Total debtors for sales on 31-12-2020	1,40,000
Bills receivable on 31-12-2020	1,80,000
Provision for doubtful debts 31-12-2020	40,000
Total creditors	20,000

Calculate the average collection period.

- b) What are the main ratios on which ROI depends upon? [9+6]

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