

**Code No: 761AC****JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD****MBA I Semester Examinations, March - 2023****FINANCIAL ACCOUNTING AND ANALYSIS****Time: 3 Hours****Max.Marks:75**

- Note:** i) Question paper consists of Part A, Part B.  
ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.  
iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

**PART - A****(25 Marks)**

- 1.a) Explain the limitations of Accounting. [5]
- b) Define Depreciation. List out any three objectives of Depreciation. [5]
- c) Illustrate why is Single entry system of Accounting considered as an incomplete system. [5]
- d) Describe the word cash from Operations. How can it be determined? [5]
- e) How do you compute 'Operating Expenses Ratio'? [5]

**PART - B****(50 Marks)**

- 2.a) What do you understand by 'Generally Accepted Accounting Principles'? Enumerate the various institutions that influence the Indian GAAP.
- b) Explain the process of implementation of accounting principles in organizations. [5+5]

**OR**

- 3.a) Describe the meaning of "Accounting Principles", what are the essential features?
- b) What is basic accounting equation? [6+4]

- 4.a) India Ltd. charges depreciation on plant and machinery under Reducing Balance System @ 15% Per Annum. On 1.4.2014 the balance in Ledger stood at Rs.4,60,000. The following particulars are given relating to plant and machinery during three four years ended 31.3.2018.

(i) 1.9.2014: A machine purchased for Rs.20,000 (Installation Expenses Rs.1,000) on 1.5.2012 was fully destroyed in an accident.

(ii) 1.7.2015: Purchased a new machine costing Rs.50,000 (Installation Expenses Rs.2,500) .A sum of Rs.30,000 was paid on the same date and balance was paid in May 2000.

(iii) 31.8.2016: Plant purchased on 1.4.2013 for Rs.30,000 (Installation Expenses Rs.1,500) was disposed off for Rs.36,000.

(iv) 1.11.2017: Some old machineries (Book value on 1.4.2014 at Rs.10,000 )were sold for Rs.4,000.

Show the plant and machinery Account as would appear in books of the company for the four year ended 31.3.2018 assuming depreciation is charged proportionately even if the asset is sold or destroyed.

- b) From the following particulars presented by Thilak for the year ended 31<sup>st</sup> March, 2017, prepare profit and loss account.

| Particulars            | ₹        | Particulars                        | ₹      |
|------------------------|----------|------------------------------------|--------|
| Gross profit           | 1,00,000 | Interest received                  | 6,000  |
| Rent paid              | 22,000   | Bad debts                          | 2,000  |
| Salaries               | 10,000   | Provision for bad debts (1-4-2016) | 4,000  |
| Commission (Cr.)       | 12,000   | Sundry debtors                     | 40,000 |
| Discount received      | 2,000    | Buildings                          | 80,000 |
| Insurance premium paid | 8,000    |                                    |        |

Adjustments:

- i) Outstanding salaries amounted to Rs. 4,000
- ii) Rent paid for 11 months
- iii) Interest due but not received amounted to Rs. 2,000
- iv) Prepaid insurance amounted to Rs. 2,000
- v) Depreciate buildings by 10%
- vi) Further bad debts amounted to Rs. 3,000 and make a provision for bad debts @ 5% on sundry debtors
- vii) Commission received in advance amounted to Rs. 2,000 [5+5]

**OR**

- 5.a) Aswin purchased a machine for Rs. 2,50,000 with an expected life of 10 years, on 1<sup>st</sup> April, 2010 and spent Rs. 20,000 towards transportation and installation. He followed straight line method for providing depreciation for 2 years and found unsuitable. On 1<sup>st</sup> April, 2012, he switched over to Diminishing balance method and continued up to 31<sup>st</sup> March, 2015. Prepare Machinery Account for the entire period and ascertain the book value on 1st April, 2015.
- b) Enter the following transactions in the appropriate journal of M/s Vas and Co.  
 2016 May 01. Bought goods from Mr. X Rs. 30,000 as per invoice no 15.  
 May 03. Sold goods to Mr. Y Rs.40,000 as per invoice no 32.  
 May 09. Returned to Mr. X goods Rs. 1000 as per debit note no. 1.  
 May 11. Y returned goods Rs. 7,500 as per credit note no. 7.  
 May 15. Purchased goods from Mr. Z Rs. 50,000 as per invoice no. 51.  
 May 19, Returned goods to Mr. Z Rs. 1600 as per debit note no. 9. [6+4]

- 6.a) Define the concept 'Goodwill' and bring out the different factors that influence the value of Goodwill of a business firm. Illustrate with imaginary data, any two popular methods of Goodwill.
- b) Calculate the missing figure:  
 Capital at the Rs. 18,000  
 Capital introduced during the year Rs. 3,000  
 Drawings Rs. 4,000  
 Loss Rs. 1,000  
 Calculate Capital at the beginning? [5+5]

**OR**

- 7.a) Explain the methods of Inventory valuation.
- b) Explain how to ascertainment of profit from incomplete records. [5+5]
- 8.a) Explain distinction between cash profits and book profits.
- b) Illustrate paid cost and unpaid costs in detail. [5+5]

**OR**

- 9.a) What are the differences between Cash flow statements and Fund flow statements?
- b) What are the limitations of Cash flow statements? How are cash flows classified as per AS-3? [5+5]

- 10.a) Rs. 2,40,000 is the cost of goods sold. Inventory turnover is 8 times. Stock at the beginning is 1.5 times more than the stock at the end. Calculate the value of the opening and closing stock.
- b) What are liquidity ratios? What are their uses? [5+5]
- OR**
- 11.a) Explain Accounting Standard 6 (Revised) related to Depreciation Accounting.
- b) What is solvency? Define and explain two of the ratios used for solvency. [5+5]

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