

**CODE NO: R9-15/MBA**

**JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD**

**MBA-I Semester Regular Examinations February -2010**

**FINANCIAL ACCOUNTING AND ANALYSIS**

**Time:3hours**

**Max.Marks:60**

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

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- 1.a) Define accounting policies. State the considerations in selecting accounting policies. Give examples of the area where different accounting policies may be adopted by different enterprises.
- b) State the fundamental accounting assumptions adopted by international accounting standards committee and accounting standards board.
- 2.a) What do you understand by accounting concepts? What are they?
- b) What are the different types of subsidiary books? Explain the objectives of preparing such books.
- 3.a) Bring out the comparison of various methods of costing materials.
- b) What do you understand by traditional methods of depreciation? What are its various kinds?

4. From the following ledger balances prepare final accounts of M/S Anjaneya Ltd as on 31/03/09 ( All figures are in Rs. )

(1) Purchase	40,000
(2) Sundry debtors	1,50,000
(3) Cash in hands	4,000
(4) Cash at Bank	8,000
(5) Rent and Taxes	3,000
(6) Insurance premium	9,000
(7) Salaries	42,000
(8) Carriage outward	21,000
(9) Carriage inward	18,000
(10) Sundry creditors	50,000
(11) Advertisement	14,000
(12) Furniture	23,000
(13) Deposit with supplier	6,000
(14) Office equipment	10000
(15) Bill receivable	6,000
(16) Bad depts.	4,000
(17) Sales	7,00,000
(18) Opening stock	30,000
(19) Electricity expenses	2000

Additional Information:

- (i) Depreciation is to be provided on SLM on furniture and office equipment @ 5 %
- (ii) Insurance premium includes a pre-paid amount of Rs.1000
- (iii) Closing stock as on 31/03/09 is Rs.1,00,000

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**JNTU ALL IN ONE**

- JNTU Old Papers (2005-2009)
- JNTU Lab Manuals, Syllabus Books
- GATE Materials, Placement Papers

5. Beta Ltd invited applications for 20,000 equity shares of Rs.10\/- each issued at Rs.12\/- payable as follows:  
 On application Rs.5\/- per share, on allotment ( including premium ) Rs.5\/- per share.  
 On first and final call Rs.2\/- per share.  
 Applications were received for 25,000 shares and it was decided to deal with them as follows in arrangement with stock exchange authorities to
- Refuse allotment to an applicant for 1000 shares.
  - Give full allotment to an applicant for 4000 shares.
  - Allot the remaining shares on pro-rata basis amongst other applicants.
  - Utilize the surplus received on application in part payment of sums due on allotment.
- A, an applicant, to whom 100 shares were allotted failed to pay the amount due on the first and final call,  
 B, an applicant for 200 shares failed pay the allotment money. Their shares were forfeited and later on re-issued as fully paid at Rs.9\/- per share. Give journal entries to record the above transactions.  
 Interest on debentures is paid on 30<sup>th</sup> June and 31<sup>st</sup> Dec.  
 Debentures outstanding as on 31<sup>st</sup> Jan, 04 were 4,67,000. Make ledger entries in the books of the company to give effect to the above.
6. From the following B/S Gupta and Co. as on 31-12-02 and 31-12-03 you are required to prepare
- Statement of changes in the requirement of working capital
  - Funds flow statement
  - Cash flow statement

Particulars	2002 (Rs)	2003 (Rs)
Capital and liabilities		
Equity share capital	230000	230000
General Resources	60000	60000
Profit and loss A/C	16000	23000
Debentures	90000	70000
Bills payable	103000	96000
Outstanding salary	13000	12000
Deprivation fund	40000	44000
	552000	535000

CONT...3

## Assets

Cash balances	90000	90000
Trade debtors	67000	43000
Bills receivables	110000	74000
Stock	82000	106000
Prepaid expenses	1000	2000
Land & buildings	150000	150000
Machinery	52000	70000
	552000	535000

## Additional Information

- (1) New machinery was purchased for Rs.30,000 but old machinery costing Rs.6000 was sold for Rs.4000, accumulate depreciation was Rs.6000
- (2) For Rs.20,000, 8% debentures were redeemed by purchase from open market at Rs.96/- per debentures of Rs.100/-.
- (3) Dividend of Rs.1,15,000 was paid.

7.a) From the following information find out

- (1) Cost of sales
- (2) Capital employed
- (3) Capital turnover ratio.

	Amount in Rs.
Total assets	1,00,000
Bills payable	1,50,000
Sundry creditors	75,000
Openings stock	50,000
Purchases	40,00,000
Closing stock	60000

b) From the following details, you are required to find out

- |                     |                     |
|---------------------|---------------------|
| (i) Gross profit    | (ii) Purchases      |
| (iii) Opening stock | (iv) Closing stocks |
| (v) Debtors         | (vi) Creditors and  |
| (vii) Fixed assets  |                     |

(1) Stock velocity = 6, (2) Capital turnover ratio = 2,

Fixed assets turnover ratio = 4, Gross profit turnover ratio = 20 %

Debtors velocity = 2 months, Creditors velocity = 73 days

The gross profit was Rs.60000. Reserves and surpluses amounts to Rs.20000. closing stock was Rs.5000 in excess of opening stock.

8.a) What is the meaning of window dressing. In this context, explain the limitations of financial statements.

b) On 1<sup>st</sup> Jan 1998, a merchant purchased some furniture costing Rs.55000. It is estimated that its working life is 10 years at the end of which it will fetch Rs.5000. Additions are made on 1<sup>st</sup> January, 1999 and 1<sup>st</sup> July, 2001 to the value of Rs.9500 and Rs.8400 ( Residual values Rs.500 and Rs.400 respectively). Show the furniture A/C for the first four years if depreciation is written off according to the straight line method.