

Code No: 781AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, August/September - 2023

FINANCIAL REPORTING AND ANALYSIS

Time: 3 Hours

Max.Marks:60

Note: This question paper contains two parts A and B. i) **Part- A** for 10 marks, ii) **Part - B** for 50 marks.

- Part-A is a compulsory question which consists of ten sub-questions from all units carrying equal marks.
- Part-B consists of **ten questions** (numbered from 2 to 11) **carrying 10 marks each**. From each unit, there are two questions and the student should answer one of them. Hence, the student should answer any five questions from Part-B.

PART- A**(10 Marks)**

- 1.a) Show the accounting treatment for prepaid expenses. [1]
- b) Give an example for a transaction that Increases liabilities and increases Assets. [1]
- c) A firm issued new equity shares for Rs.50 crores. How does it impact the liabilities? [1]
- d) Explain the Conservatism Principle. [1]
- e) How do you treat the transportation cost on inventory purchases? [1]
- f) Advance paid by customer is included in the sales. Is this correct or incorrect treatment? [1]
- g) Payment of Dividends reduces Net Income. Explain. [1]
- h) Give examples for Intangible Assets. [1]
- i) What are the components of Asset Turnover Ratio? [1]
- j) How do credit sales influence Debtors Turnover Ratio? [1]

PART-B**(50 Marks)**

- 2.a) Discuss the implications of GAAP on Accounting System.
 - b) Discuss the different steps involved in Accounting Cycle. [5+5]
- OR**
- 3.a) What are the salient features of Double entry system of Accounting? [5+5]
 - b) Brief on Accounting concepts and conventions.
- 4.a) The following transactions belong to the newly incorporated Android Company for the year 2022. Show the journal entries, post them to ledgers and determine the closing balance for each account.
 - i) The owner invested Rs.40,000 and received equity shares of the company.
 - ii) Purchased goods from Omega Limited for Rs.12,000 cash.
 - iii) Purchased office stationery for Rs.1000 from India Stationers on credit.
 - iv) Purchased machinery for Rs.17,000 on credit from Mohan Ltd.
 - v) Sold goods that cost Rs.5000 for Rs.10,500 cash.
 - vi) Paid salaries to employees Rs.1800.
 - vii) Paid rent for office premises Rs.1200. Rent is accrued.
 - viii) Paid other operating expenses Rs.1600.
 - b) Brief on classification of Capital and Revenue Expenses. [7+3]

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OR

- 5.a) Explain the transactions for the following ledger postings and show how each one of them impact the total assets of the business.

Machinery			
To Progress Ltd.	12500		
Furniture			
		By Cash	8000
Capital			
		By Cash	15000
To Cash	8500		
Depreciation			
To Buildings	1500		

- b) Discuss the concept of accounting from Incomplete Records. [6+4]

6. Telangana Industrial Corporation (TIC) purchased a new equipment at a cost of Rs.296,500 on January 1, 2016. Transportation, Insurance, and installation costs were Rs.3500. The equipment carries 10% of its costs as salvage value. TIC charges the depreciation of 25% on Written Down Value Method.

Required:

- i) Show the journal entry and ledger posting for depreciation for each year.
- ii) Determine the book value of the asset at the end of four years.

[10]

OR

7. Discuss the different methods of valuing goodwill for the purpose of Financial Reporting.

[10]

8. The following transactions belong to Ajanta Tools Ltd. for the month of December 2023. At the beginning of December 2023, Total Assets were Rs.1,25,000; Total Liabilities were Rs.35,000; and Equity was Rs.90,000.

- a) Collected Rs.10,500 of accounts receivable due from clients.
- b) Paid Rs.1,960 cash towards accounts payable.
- c) Cash Sales were Rs.25,000 and Credit Sales were Rs.10,000.
- d) Purchased equipment for Rs.3,000 cash.
- e) Paid salaries and other operating expenses Rs.4,100.
- f) Issued equity shares for Rs.12,000.
- g) Charged 10% depreciation on equipment.
- h) Paid Rs.750 interest on loans.

QA QA QA QA QA QA QA QA

Required:

- i) Show the impact of each of the transactions on Total Assets, Total Liabilities, and Equity.
- ii) Determine the total cash generated or used during the month of December 2023. [10]
- OR**
- 9.a) You are working as a credit manager in a bank. The bank received a loan application for Rs.50,000 from a small and medium enterprise. What are the different financial indicators of the loan applicant you would study to sanction or reject the loan?
- b) Brief on the process of preparing Cash Flow Analysis. [6+4]
10. Discuss the accounting treatment for the following, using suitable examples.
- a) Purchase discounts.
- b) Accrued expenses.
- c) Gain on Sale of Assets.
- d) Increase in the market value of Land.
- e) Accounting standards issued by ICAI. [10]

OR

11. The following account balances were reported for Silicon Oasis Corporation at the end of FY - 2022.
(All Values are in Rs. thousands)

Short-term investments	2213	Retained earnings	7236
Income Tax Payable	200	Accounts Receivable	1,823
Cash	1,182	Inventory	1,324
Common stock	2,936	Long-term Loans	3,647
Prepaid rent	315	Accounts Payable	1500
Equipment, Net	6,705	Patents	2,260
Long-term Investments	637	Unearned Revenue	940

Required

- a) Show the Balance Sheet for FY - 2022.
- b) Determine the Debt/Equity Ratio. [10]

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