

Code No: 781AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, February/March - 2024

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**. Each of these questions is from each unit and may contain sub-questions. For each question there will be an “either” “or” choice, which means that there will be two questions from each unit and the student should answer either of the two questions.

PART- A**(10 Marks)**

- 1.a) What are the limitations of Accounting? [1]
- b) Define Double Entry System. [1]
- c) What is purpose of Ledger. [1]
- d) Why is Single entry system of Accounting considered as an incomplete system? [1]
- e) What is depreciation? [1]
- f) Describe the concept of inventory Valuation. [1]
- g) Brief on Paid costs and Unpaid costs. [1]
- h) Define Cash from Operations. [1]
- i) Describe the importance of P/E ratio. [1]
- j) Illustrate the ‘Operating Expenses Ratio’. [1]

PART-B**(50 Marks)**

- 2.a) What is Book-Keeping? Differentiate between Single Entry and Double Entry with examples.
- b) What are Generally Accepted Accounting Principles (GAAP) issued by ICAI? [5+5]

OR

- 3.a) Describe the managerial uses, applications of accounting.
- b) What are the basic Accounting records to be maintained in a business organization that is adopting Double entry system of Accounting? [5+5]
- 4.a) What are the objectives of preparing a Trial Balance? How can you validate the balances entered in either column of a Trial Balance?
- b) What type of errors cannot be disclosed in a Trial Balance? [5+5]

OR

- 5.a) 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, Capital at the beginning ?
- b) Explain the Single Entry System. State its disadvantages and explain how the profit can be determined under this system. [5+5]

6.a) What factors do you consider while deciding the pricing methods for materials?

b) The following transactions occur in purchase and issue of materials.

Jan.2 Purchased 4,000 units @ Rs.4.00 per unit,

Jan.20. Purchased 500 units @ Rs.5.00 per unit

Feb.5. Issued 2,000 units

Feb.10. Purchased 6,000 units @ Rs.6.00 per unit

Feb.12. Issued 4,000 units

Mar.2. Issued 1,000 units

Mar.15. Purchased 4,500 units @ Rs.5.50 per unit

Mar.20. Issued 3,000 units

From the above, prepare stores ledger account in two ways: (i) by adopting LIFO method, and (ii) by adopting FIFO method of charging material issues. What would be the valuation of stock at the end of the period according to each of the methods? [5+5]

OR

7.a) Why is Inventory Valuation necessary? Discuss various methods of Inventory Valuation with their relative merits and demerits.

b) Define Goodwill? How does the Nature of Business and the Quality of Product affect the value of good will of a firm? Discuss and explain any two methods of valuation of goodwill with suitable examples. [5+5]

8.a) What are the differences between Cash flow statements and Fund flow statements?

b) What are the limitations of Cash flow statements? [5+5]

OR

9.a) How does the statement of cash flows differ from the funds flow statement?

b) How will the following transactions be shown in the statement of cash flows :

i) Acquisitions of the assets of another company by issuance of shares for Rs.1,60,000. ii) conversion of 10,000 preference shares of Rs. 100 each to 50,000 equity shares at a premium of Rs. 10 per share. iii) Entering into finance lease for a new plant with a value of Rs. 2,30,000? [5+5]

10.a) A five year comparative analysis of Low Light Company's current ratio and quick ratio follows:

Particulars	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Current ratio	1.19	1.85	2.50	3.40	4.02
Acid test ratio	1.15	1.02	0.98	0.72	0.50

i) What has been happening on the liquidity of Low Light Company over the five years presented?

ii) Considering both ratios what does the trend indicate about, what has happened to the makeup of Low Light's current assets over the five year period?

b) What is long term solvency? Define and explain five ratios for solvency. [5+5]

OR

11. With the following ratios and further information given below, prepare a Trading Account, Profit and Loss Account and a Balance Sheet of Shri Narain a) Gross Profit Ratio 25% b) Net Profit Ratio 20% c) Stock Turnover Ratio 10 d) Capital to Total Liabilities e) Net Profit/Capital 1/5 f) Fixed Assets/Capital 5/4 g) Fixed Assets/ Total Current Assets 5/7 h) Fixed Assets Rs. 10,00,000 i) Closing Stock Rs. 1,00,000. [10]