

R22

Code No: 781AC

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, February/March - 2025

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)

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|------|--|-----|
| 1.a) | What are the classifications of accounts? | [1] |
| b) | Brief on Going Concern Concept? | [1] |
| c) | Differentiate between capital and revenue expenses. | [1] |
| d) | What are the books of original entry in accounting? | [1] |
| e) | What is the difference between tangible and intangible assets? | [1] |
| f) | What is depreciation? | [1] |
| g) | What is the purpose of funds flow analysis? | [1] |
| h) | Define working capital? | [1] |
| i) | What is IFRS? | [1] |
| j) | Brief on leverage ratios. | [1] |

PART – B

(50 Marks)

- 2.a) Explain GAAP. What are the challenges in implementing GAAP in accounting practices? With examples.
- b) Illustrate the accounting cycle with suitable examples. [5+5]

OR

3. Prepare a journal entry, ledger, and trial balance for the following transactions: [10]
- Jan 1: Started business with cash Rs.5,00,000.
Jan 5: Purchased goods for cash Rs.1,50,000.
Jan 10: Sold goods for cash Rs. 2,00,000.
Jan 15: Paid salaries Rs. 20,000.
Jan 20: Bought furniture Rs. 50,000.
Jan 23: withdrawn Rs. 30,000 for office use and Rs. 10,000 for personal use
Jan 28: Paid for Rent Rs. 1200, Stationary Rs.400, Postage Rs. 120
Jan 30: Purchases goods from Mohan worth Rs.13,000.
Jan 31: Sold goods to krishna worth Rs. 10,000.
Jan 31: Paid to Mohan Rs.1,000 & Received from Krishna Rs 4,000.

- 4.a) Explain the classification of capital and revenue expenses with practical illustrations.
 b) Brief on calculation of missing figures in accounting. [6+4]

OR

5. The following is the trial balance of XYZ Enterprises as of December 31, 2024: [10]

Account	Debit (₹)	Credit (₹)
Capital		7,50,000
Purchases	6,00,000	
Sales		12,00,000
Opening Stock	1,80,000	
Wages	1,50,000	
Salaries	2,00,000	
Rent	60,000	
Machinery	5,00,000	
Debtors	3,00,000	
Creditors		2,00,000
Loan from Bank		3,00,000
Office Expenses	90,000	
Cash in Hand	70,000	
Insurance	50,000	
Total	22,00,000	22,00,000

Adjustments:

- Closing stock is valued at ₹2,50,000.
- Insurance is prepaid to the extent of ₹10,000.
- Depreciate machinery by 15%.
- Create a provision for doubtful debts at 2% on debtors.
- Outstanding wages amount to ₹20,000.

Required:

Prepare the **Trading Account, Profit & Loss and Balance sheet** for the year ended December 31, 2024.

- 6.a) Explain the methods of inventory valuation and their impact on financial statements With examples.
 b) Describe the methods of valuation of good will. [6+4]

OR

7. XYZ Ltd. purchased the following assets during 2024:
- Jan 1:** Machinery purchased for ₹10,00,000; its estimated life is 10 years, and the residual value is ₹1,00,000.
- Feb 1:** Office equipment purchased for ₹5,00,000; its estimated life is 5 years with no residual value.
- Mar 1:** Sold an old machinery item for ₹50,000 (original cost ₹1,00,000; accumulated depreciation ₹80,000).
- July 1:** Additional machinery purchased for ₹8,00,000 with an estimated life of 8 years and no residual value.
- Oct 1:** Office equipment purchased for ₹2,50,000; estimated life is 5 years, residual value ₹25,000.
- Required:**
- Calculate depreciation for all assets for the year ended December 31, 2024, using the Straight-Line Method.
 - Prepare the Machinery Account, Office Equipment Account, and Depreciation Account. [5+5]

- Describe the steps involved in preparing a cash flow statement.
- How do you prepare the statement of changing working capital? [5+5]

OR

9. The following are the summarized balance sheets of XYZ Ltd. as of December 31, 2023, and December 31, 2024: [10]

Liabilities	2023 (₹)	2024 (₹)
Equity Share Capital	5,00,000	6,00,000
Debentures	3,00,000	2,50,000
General Reserve	50,000	70,000
Profit & Loss Account	40,000	1,20,000
Creditors	1,20,000	1,00,000
Outstanding Expenses	30,000	20,000
Total	10,40,000	11,60,000

Assets	2023 (₹)	2024 (₹)
Land and Building	4,00,000	4,50,000
Machinery	3,00,000	3,40,000
Investments	50,000	80,000
Stock	1,50,000	1,80,000
Debtors	1,20,000	1,30,000
Cash	20,000	80,000
Total	10,40,000	11,60,000

Additional Information:

- i) Depreciation on machinery charged during 2025 was ₹30,000.
- ii) Land was purchased for ₹1,00,000, and part of the old land was sold at a profit of ₹50,000 (book value ₹50,000).
- iii) Investments were purchased during the year.
- iv) Dividend of ₹40,000 was paid during the year.

Required:

- a) Prepare a Schedule of Changes in Working Capital.
 - b) Prepare a Funds Flow Statement for the year ended December 31, 2024.
- 10.a) Calculate and interpret the Du Pont analysis for a company with the following data:
Net Profit: ₹2,00,000; Sales: ₹10,00,000;
Total Assets: ₹8,00,000; Equity: ₹4,00,000.

- b) Explain the importance of leverage ratios in assessing a company's financial structure. Explain with an example. [5+5]

OR

- 11.a) Analyze the solvency position of a company using the following data:
Total Debt: ₹15,00,000; Equity: ₹10,00,000;
Interest on Debt: ₹1,50,000; EBIT: ₹4,00,000.

- b) Elaborate on the Du Pont chart and its application in financial analysis? [5+5]

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