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**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR  
(AUTONOMOUS)  
MBA I Year I Semester Regular & Supplementary Examinations DEC 2017  
FINANCIAL ACCOUNTING AND ANALYSIS**

Time: 3 hours

Max. Marks: 60

**SECTION – A**

(Answer all Five Units 5 x 10 = 50 Marks)

**UNIT-I**

1 What are accounting concepts and conventions? 10M

**OR**

2 Accounting to the principles of 'Double entry system' Every debit has a Corresponding credit? Explain clearly. 10M

**UNIT-II**

3 Discuss in detail the concept of depreciation and write a brief note on methods of depreciation. 10M

**OR**

4 Journalize the following transactions in the books of Mohan. 2002

		Rs.	
Jan 1	Mr. Mohan Started business with a capital of	1,00,000	
2	Purchased buildings for cash	40,000	
3	Bought machinery for cash	10,000	
4	Goods purchased for cash	10,000	
10	Goods purchased from Ramu	2,000	
15	Sale of goods to Krishna	10,000	
17	Goods returned by Krishna	2,000	
18	Cash deposited into Bank	10,000	
21	Withdrawn cash from bank for personal use	1,000	
22	Withdrawn cash for office use	2,000	
29	Cash paid to Ramu Rs.1900 & Received discount of	100	
31	Paid salaries	1,000	10 M

**UNIT-III**

5 Discuss various methods of valuation of good will. 10M

**OR**

6 What are the advantages and disadvantages of FIFO and LIFO methods of pricing the material issues? 10M

**UNIT-IV**

- 7 Explain the steps in the preparation of funds flow statement. Discuss in brief about uses of funds flow statement. 10M

**OR**

- 8 From the following balances you are require to calculate cash from operations: 10M

	31.12.2001	31.12.2002
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advanced	300	250
Profit made during the year	-	1,30,000

**UNIT-V**

- 9 State the merits and demerits of different types of financial analysis. 10M

**OR**

- 10 (a) Explain briefly classification of ratios. 5M  
 (b) Calculate the following ratios:  
 Current ratio, quick ratio and absolute liquid ratio.  
 Cash balance – 10,000,  
 Debtors – 40,000,  
 Bank – 1,00,000,  
 Bills Receivable – 20,000,  
 Creditors – 10,000,  
 Bills payable – 20,000,  
 Bank over draft -15,000

10M

**SECTION – B**  
 (Compulsory Question)

**1 x 10 = 10 Marks****11. Case Study**

With the following help of the ratios regarding Ravi & Co. Draw the Balance sheet of the company for the year 2002.

Current Ratio	- 2.5
Liquidity Ratio	-1.5
Net working capital	- Rs.3,00,000
Stock Turnover Ratio	- 6 times
Gross profit Ratio	- 20%
Fixed assets turnover ratio	– 2 times
Debt collection period-	2 months
Fixed assets to shareholders net worth	– 0.80
Reserves and surplus to capital	- 0.50

**\*\*\* END \*\*\***