**Financial Accounting & Analysis**

December 2020 Examination

**1. Karagiri is a Pune based startup that works with 800 families across India. The startup is in the business of handloom saris. They converted the pandemic period in to an opportunity. The business owners realized that accounting is essential to permit informed judgements and decisions by the user of accounts. In the light of given definition of accounting, discuss about users and uses of accounting information (10 Marks)**

**Solution:**

**Introduction:**

Accounting is a systematic record of business and business transactions. It is the basis on which accounting summary is prepared for analyzing accounting information and business performance.

According to Kohler, Accountancy refers to the entire body of the theory and process of accounting.

According to Prof. Robert N. Anthony, nearly every business enterprise has an accounting system. It means collecting, summarizing, Its Half solved only

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**2. Mr. Kohli is planning to invest in the share market. He wants to study the Balance Sheet of Amul Industries. He wants your guidance in finding the various elements of the Balance Sheet of Amul Industries. Kindly discuss the same**

**Solution:**

**Introduction:**

The Balance sheet is a part of company financial statements. It gives details about the company’s assets and liabilities. It helps the stakeholders and management to understand the net worth of the company. It is a part of a company’s financial reporting statements and is an important aspect to analyze while making strategic business decisions.

**Concept:**

The Balance sheet is divided

**3. Discuss for question (a) and (b)**

**Define and identify the type of Income / Expenses**

**Treatment of the Income / Expenses in the Profit and Loss account, Impact of the Income / Expenses in the Balance Sheet**

**a. You purchased 10 shares of L& T Company last year. On 5th March 2019, the company has declared a dividend Rs 50 per share. The income is earned but not yet collected in your account during this financial year. (5 Marks)**

**Solution:**

**Introduction**

Income is generally the amount received against the rendering of services and selling of goods. Companies usually name it as revenue from operations. The profit and loss statement shows the income earned by the company in a particular year. Gains are recorded on the credit side of the profit and loss statement.

**Concept:**

In India, the accrual system of accounting is followed mostly. As a result of this, basic accounting conventions need to be

**b. On 5th March 2019, Mehta Brothers received 100% advance for goods, to be supplied in the next month. The Cost of the goods was Rs50000. They usually sells the goods at 10% mark up. (5 Marks)**

**Introduction**

The accounting system's accrual method advocates that the incomes and expenses must be recorded in the accounting system when accrued and earned. That means the payment, even if not received in cash, must be accounted for. The expense must be