**Financial Accounting & Analysis**

**June 2022 Examination**

**Q1. For the following transactions, analyze the accounting transactions using the accounting equation framework (10 Marks)**

**1. Introduced Rs500000 through a cheque by the Owner as the Initial capital in the business**

**2. Purchased goods on credit from Ms. Ritu at Rs 40000**

**3. Paid Rs 10000 as salary to the employees**

**4. Invested Rs200000 in a fixed deposit account**

**5. Paid school fees of the kid Rs 25000, from the business’s bank account.**

**Note: (2\*5 = 10 marks) 1 marks for analyzing each transaction and 1 mark for**

**Correct journal entry**

**Ans 1.**

**Introduction:**

Journal entries are essential abilities to expand in an accounting career. Groups' monetary accounts could be misguided and a giant mess if they didn't have good enough journal entries. As a result, every time a transaction occurs inside a corporation, at least two debts should be affected in opposing guidelines. If a firm buys an automobile, as an instance, the car's value increases the worth of the company's assets. However, an extra account those changes are required (i.e., the identical and contrary response). Another account that has been impacted is the

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**Q2. You started learning the course of financial accounting and analysis in the MBA Program. You learned about commonly used accounting terms. Discuss about any five terms which are commonly used by the different users of accounting information for the sake of understanding the financial statements Student may define and describe about any five terms (10 Marks)**

**Ans 2.**

**Introduction:**

Accounting is the artwork of recording a corporation's financial transactions. Accounting, that's the segment of documenting, analyzing, and communicating financial transactions, aids people and groups in their financial situation—summarizing, evaluating, and monitoring the events to look at authorities, regulators, all of those entities involved in the accounting technique. Accountants do this by having a follow-up of spending, profits, and losses using the following accounting formulation: liability + Equity = property. Influential accountants ensure that their

**Q3. From the given information**

|  |  |
| --- | --- |
|  | **Amount in Lakhs** |
| **cost of goods sold** | **580** |
| **opening stock** | **40** |
| **closing stock** | **70** |
| **creditors at the beginning of the year** | **60** |
| **creditors at the end of the year** | **100** |
| **cash purchases** | **45** |
| **Original cost of equipment sold** | **400** |
| **Gain on the equipment sold** | **50** |
| **Accumulated depreciation on the equipment** | **80** |

**Calculate:**

**a. Total purchases, credit purchases and payment to creditors (5 Marks)**

**Ans 3a.**

**Introduction:**

The term 'creditor' is used in accounting to describe the person who has given a product, service, or loan and is legally entitled through one or even more debtors. The individual in query who owes the money is called a debtor instead of a creditor. After a creditor has supplied the goods/services, a fee is regularly expected at a later date agreed upon in advance.

**b. Define the term Net book value, Accumulated depreciation calculate the net book value and cash proceeds from sale of investment**

**Ans 3b.**

**Introduction:**

Depreciation is an accounting word that refers to assigning the price of a tangible or physical throughout its helpful existence. Depreciation is a term used to explain how a good deal of an asset's worth has been consumed. We shall businesses generate money from the assets they own