# Financial Accounting and Analysis

**September 2022 Examination**

**Q1. During 2019, a company purchased land for Rs 50 lakhs. In the month of April 2019, the company purchased a machinery for Rs 35 Lakhs. The company plans to write off the full value of the asset over a period of 10 years on an equal basis.**

**In the year 2021, the company sell off the land at 70 Lakhs and to dispose of the machinery at 30 Lakhs. Also, the company acquired certain investments for Rs 50 Lakhs from the sales proceed, pay off certain current liabilities for Rs 5Lakhs, interest on long term loan Rs 7Lakhs**

**Discuss the type and amount of cash flows in the year 2021, as per the Accounting**

**Standard 3 and profit or loss on sale of the machinery, if any. Note: All the workings should be part of answer (10 Marks)**

**Ans 1.**

## Introduction

Facts about an organization's coin flows may be utilized by customers of monetary statements to assess the organization's cap capability to create cash and equivalents, similarly to the organization's wishes to use the coin flows. In the one the year 2019, an employer-paid Rs 50 lakhs for land. The corporation spent Rs 35 lakhs on equipment in April of these 365 days. The enterprise intends to write the asset's total cost over ten-12 months on an equal basis. The company sells the help for 70 lakhs and the system for 30 lakhs within the year 2021. Similarly, Its sample only

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**Q2. Mr. Somil is working as an accounts executive for Tarak Shah & Company. He has to record certain accounting transactions as on 30th March2021, so that he can move ahead to close the books of accounts as on 31st March.**

**He is confused between realization concept of accounting and the matching concept of accounting.**

**As an accounts manager, kindly help him in understanding these two, by-**

**- Defining the Meaning and purpose of both the concepts**

**- Suitable example/ situation for each concept highlighting the difference between these concepts (10 Marks)**

**Ans 2.**

## Introduction

Accounting concepts are alleged to make accounting a technique for this is the goal. The realization and matching ideas are accounting guidelines that deal with troubles related to measuring and providing a company's economic performance. Accountants use numerous accounting ideas to collect a gadget that simplifies them to document and document their customers' accounts. The belief precept is an accounting concept that establishes while a

**Q3. You entered into the following transactions**

**1. Introduced Rs700000 in the business by taking loan from bank of Baroda**

**2. Purchased machineries for Rs50000 and payment done by cheque**

**a. In order to record the accounting transaction in the books of accounts briefly define the steps to record, classify and summaries business transactions, that is accounting cycle. (5 Marks**

**Ans 3a.**

## Introduction

The accounting cycle is a system for doing bookkeeping responsibilities in a company. It offers a step-by-step technique for documenting, studying and reporting a business's financial interest. The accounting cycle is, without a doubt, employed for a single reporting duration. As a result, being structured all through the duration of the method may be necessary for retaining

**b. Define the concept of accounting equation and record the above transactions following the accounting equation rule. (5 Marks)**

## Ans 3b.

## Introduction

According to the accounting equation, a corporation's popular property equals the sum of its liabilities plus its shareholders' equity. The handy linkage between property, liabilities, and equity is at the heart of the double-access accounting mechanism. The accounting equation