**Essentials of Financial Accounting**

**April 2025 Examination**

**1. Journalise the following transactions and post them into respective ledgers: Mr. Ajinkya started a business in 2024, had the following transaction in the initial moth of the business March 1, Ajinkya started business with capital and deposited with bank Rs. 4,00,000**

**March 5, He purchased goods making payment through bank Rs.15,000**

**March 8, He sold goods and received payment through bank. Rs. 16,000**

**March 10, He purchased furniture and paid by cheque Rs. 2,500**

**March 12, He sold goods to Aariv Rs. 2,400**

**March 14, He purchased goods from Amrita Rs. 10,000**

**March 15, He returned goods to Amrita Rs. 500**

**March 16, He received from Aariv in full settlement. Rs. 2,300**

**March 26, Amount paid to Amrita in full settlement Rs. 9,450**

**March 31, goods distributed by way of free samples Rs. 2,000**

**Ans 1.**

**Introduction**

Financial accounting plays a crucial role in recording, summarizing, and analyzing financial transactions. One of its primary functions is to maintain systematic records of business activities through journal entries and ledger postings. A journal is the first step in the accounting process, where transactions are initially recorded in a chronological order. The ledger then categorizes these transactions into respective accounts. The double-entry system ensures accuracy by maintaining the fundamental accounting equation: **Assets = Liabilities + Capital**. This document will

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**2. Discuss the significance of all the financial Statements. Elaborate on the impact of financial statements on the internal and external stakeholders of the organisation. (10 Marks)**

**Ans 2.**

**Introduction**

Financial statements are essential tools for assessing a company’s financial health and performance. These statements provide a structured representation of a company’s financial activities, helping stakeholders make informed decisions. The primary financial statements include the balance sheet, income statement, cash flow statement, and statement of changes in equity. Each statement serves a unique purpose, collectively offering a comprehensive view of a company’s assets, liabilities, revenues, expenses, and cash flows.

Both internal and external stakeholders rely on financial statements for various purposes. Internal stakeholders,

**3a. Differentiate between branches of accounting and also elaborate its significance for an organization for decision making. (5 Marks)**

**Ans 3a.**

**Introduction**

Accounting is a broad field that consists of various branches, each serving a distinct purpose in financial management and reporting. These branches include financial accounting, managerial accounting, cost accounting, auditing, tax accounting, and forensic accounting. Each plays a crucial role in helping businesses maintain transparency, assess financial performance, and make informed decisions. By understanding the differences between these branches, organizations can utilize them

**3b. Explain the importance of IAS and IFRS in accounting procedure of any business. (5 Marks)**

**Ans 3b.**

**Introduction**

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) play a vital role in ensuring consistency, transparency, and comparability in financial reporting across different countries. These standards establish uniform accounting principles that businesses must follow when preparing financial statements. IAS and IFRS help multinational companies, investors, and regulatory bodies interpret financial data accurately, facilitating global trade and