**Financial Accounting & Analysis**

**NMIMS Centre for Distance and Online Education (NCDOE)**

**Internal Assignment Applicable for April 2025 Examination**

**Q1. Prepare final accounts from the following balances –**

**Trial Balance as on 31.03.2024**

|  |  |  |
| --- | --- | --- |
|  | **Dr** | **Cr** |
| **Building** | **1087000** |  |
| **Plant and Machinery** | **250000** |  |
| **Stock 1.4.2015** | **100000** |  |
| **Loose Tools** | **100000** |  |
| **Carriage Inward** | **5000** |  |
| **Wages** | **10000** |  |
| **Purchases** | **450000** |  |
| **Purchases Return** |  | **45000** |
| **Sales** |  | **845000** |
| **Sales Return** | **10000** |  |
| **Cash** | **50000** |  |
| **Bank** | **250000** |  |
| **Debtors** | **62000** |  |
| **Creditors** |  | **459000** |
| **Printing and Stationery** | **10000** |  |
| **Bad Debts** | **50000** |  |
| **Advertisement** | **36000** |  |
| **Furniture** | **105000** |  |
| **General Expenses** | **5000** |  |
| **Capital Account** |  | **495000** |
| **Bills Payable** |  | **156000** |
| **Reserves and Surplus** |  | **580000** |
| **Total** | **2580000** | **2580000** |

**Addition information:**

* **The closing inventory as on 31.03.2024 was valued at Rs. 3,68,500.**
* **Depreciation on plant @ 15% and on Building @ 10%.**
* **Outstanding printing and stationery expense Rs. 5000.**
* **Prepaid advertisement expense Rs. 15000.**

**Answer:**

**Introduction:**

The task requires preparing the final accounts (Trading Account, Profit & Loss Account, and Balance Sheet) for the year ending 31.03.2024, based on the provided trial balance and additional information. These accounts will reflect the company's financial performance and position, considering adjustments like closing inventory, depreciation, outstanding expenses, and prepaid expenses. The final accounts summarize the company's profitability and financial health.

To prepare the final accounts (Trading Account, Profit & Loss Account, and Balance Sheet) based on the given Trial Balance and additional information, we need to follow these steps:

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**Q2. Raj Limited provides the following information for the immediately preceding two years. From the given information prepare Comparative Income Statement of the company for the two- year period:**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2023** | **2024** |
| **Rs. Million** | **Rs. Million** |
| **Sales** | **5,000** | **3,750** |
| **Cost of goods sold** | **3,000** | **2,450** |
| **Operating expenses** | **750** | **490** |
| **Financial expenses** | **500** | **340** |
| **Income tax** | **150** | **95** |
| **Net profit** | **600** | **375** |

**Answer:**

**Introduction:**

The Comparative Income Statement compares the financial performance of Raj Limited for the years 2023 and 2024. By analyzing key financial metrics such as sales, cost of goods sold, operating expenses, financial expenses, income tax, and net profit, this statement helps in understanding the company's profitability trends, cost management, and overall financial health over the two-year period.

Here is the Comparative Income Statement for **Raj Limited** for the years 2023 and 2024:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | 2023 (Rs. Million) | 2024 (Rs. Million) | Change (Rs. Million) | % Change |
| Sales | 5,000 | 3,750 | -1,250 | -25% |
|  |  |  |  |  |
|  |  |  |  |  |

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**Q3(a). Dividend is the distribution of profits by a company to its shareholders. Companies generally pay two types of dividends: Interim dividend and Final dividend. You are required to explain the term Dividend and explain the two types of dividends.**

**Answer:**

**Introduction:**

Dividend refers to the portion of a company's profits that is distributed to its shareholders. It represents a return on investment for shareholders, typically paid out in cash or additional shares. The dividend amount is decided by the company's board of directors, considering the company's profitability and future growth plans.

Two Types of Dividends are as below:

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**Q3(b). In order to take management decisions for a company, it is important to analyze the financial statements of the company in detail with the help of various financial analysis techniques. Explain in one sentence each the 5 techniques of analyzing financial statements.**

**Answer:**

**Introduction:**

Analyzing financial statements is essential for making informed management decisions. By using various financial analysis techniques, businesses can gain insights into their performance, financial health, and growth potential. These techniques help identify strengths, weaknesses, and areas for improvement, enabling better strategic planning and resource allocation.

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