

**NMIMS Global Access**

**School for Continuing Education (NGA-SCE)**

**Course: Financial Accounting and Analysis**

**Internal Assignment Applicable for December 2016 Examination**

**Assignment Marks: 30**

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*Instructions:*

- *All Questions carry equal marks.*
  - *All Questions are compulsory*
  - *All answers to be explained in not more than 1000 words for question 1 and 2 and for question 3 in not more than 500 words for each subsection. Use relevant examples, illustrations as far as possible.*
  - *All answers to be written individually. Discussion and group work is not advisable.*
  - *Students are free to refer to any books/reference material/website/internet for attempting their assignments, but are not allowed to copy the matter as it is from the source of reference.*
  - *Students should write the assignment in their own words. Copying of assignments from other students is not allowed*
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1. From the following balances extracted from the book of Alfa traders as on 31<sup>st</sup> March 2016, prepare the final accounts of the concern. **(10 Marks)**

Particulars	Debit(Rs)	Credit(Rs)
Capital Account		500000
Plant & Machinery	410000	
Opening Stock	25000	
Sundry Debtors	34200	
Cash in hand	5000	
Cash at Bank	48000	

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Purchases	42000	
Sales		80000
Sundry Creditors		20500
Drawings	5200	
Rent	6000	
Factory Lighting & Heating	5000	
Advertising	10500	
Bad Debts	15000	
Discount Received		5400
<b>TOTAL (Rs)</b>	<b>605900</b>	<b>605900</b>

The following adjustments are to be made:

- a. Closing Stock Rs.50600
  - b. Rent due but not paid upto 31<sup>st</sup> March 2016 Rs.500
  - c. Advertisement paid in advance Rs. 2000
  - d. Depreciate plant & machinery by 10%, furniture by 5% .
  - e. Write off further bad debts Rs.500
2. Mr. James & Mr. Jiggarr are the directors of Balajii Auto Pvt Limited. They want to make certain strategic decisions and to implement certain controls within the company. Meeting of all BOD's is called. Mr. Ajay being the accounts executive of the company keeps the audited financial statements ready following all the essentials of financial

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accounting. Mr. Ajay was about to present the audited financial statement in the management's meeting but his senior colleague suggests him that in such a meeting he should present projected statements as well as all other such reports which the management needs, as management accounting is differ from financial accounting. Discuss who is correct Mr. Ajay or his senior colleague and why? Explain the same in detail.

**(10 Marks)**

3. a) Aditya Ltd is a FMCG company. The company is about to start a new line of production and is supposed to close its one of its production unit. The following information about Aditya ltd is provided.

Installed a new plant worth 500lacs, however paid only 450 lacs for the same. The company spent 50 lacs for the construction of new shed, one of the machinery acquired in the 2005, at a cost of 85 lacs having written down value if 25 lacs as on date is sold at a profit of 10 Lacs .The company also paid interest on debentures, being the source of capital Rs10 lacs. It also acquired 5 % shares of Birla ltd at a value of 50 Lacs and received Rs 25 lacs on account of maturity of one of the saving bonds. Calculate the net cash flow from investing activities.

3. b) The Balance Sheet of XY Ltd is as under

Equity Share Capital	3000000	Fixed Assets	2500000
9 % Debentures	1500000	Stock	1500000
Reserves & Surplus	500000	Debtors	1000000
Creditors	1500000	Bills Receivable	500000

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Outstanding Expenses	200000	Cash & Bank	1200000
	6700000		6700000

**Calculate the following**

1. Current ratio
2. Liquid ratio
3. Solvency ratio

**(5 Marks)**

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