SEMESTER

I

COURSE CODE & NAME

DMBA104 – FINANCIAL AND MANAGEMENT ACCOUNTING

**Question 1 Briefly explain the concepts of accounting. (Any five)**

**Briefly explain the users of accounting information. (Any five)**

**Answer 1.**

**Concepts of accounting** There are five basic concepts of accounting, namely – business entity concept, (separate entity concept), going concern concept, money measurement concept, periodicity concept, and accrual concept.

1. **Business separate entity concept**

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**Question 2. Differentiate between: (With examples)**

1. **Cash discount & trade discount**
2. **Tangible assets & intangible assets**
3. **Accounting & book-keeping**
4. **Errors of omission & errors of commission**

**e)Accrued income & income received in advance**

**Answer2.
a) Differences between trade discount and cash discount are:**

1. Trade discount is a reduction granted by a supplier on the catalogue price. Cash discount is a reduction granted on the invoice price, considering immediate payment or payment within a stipulated period.

**d)Errors of omission & errors of commission**

1. Introduction

Errors Of Omission: A kind of accounting error in which financial transaction is not recorded in the books of accounts either partially or whole.

Errors Of Commission: A kind of accounting error in which financial transaction is misrecorded (incorrect record) in the books of accounts.

**Question 3. John started his own delivery service. The following transactions took place in June 2020:**

|  |  |  |
| --- | --- | --- |
| **S.no** | **Date** | **Particulars** |
| 1 | 01-06-2020 | John as a stockholder has invested $25,000 cash in business |
| 2 | 02-06-2020 | John purchased a used van for $ 13000 for deliveries. He paid $ 2,000 cash and signed a note payable for the remaining balance. |
| **3** | **03-06-2020** | He paid $ 900 for office rent for the month. |
| **4** | **05-06-2020** | Services worth $ 3,000 were performed on account. |
| **5** | **12-06-2020** | Purchased supplies for $ 400 on account |
| **6** | **15-06-2020** | Received a cash payment of $ 750 for services provided on June 5. |
| **7** | **17-06-2020** | Purchased gasoline for $ 350 on account |
| **8** | **20-06-2020** | Received a cash payment of $ 350 on account for services provided on June 5. |
| **9** | **23-06-2020** | Received a cash payment of $ 1900 on account for services provided on June 5. |
| **10** | **26-06-2020** | Paid $450 for utilities |
| **11** | **29-06-2020** | Paid for the gasoline purchased on account on June 17 |
| **12** | **30-06-2020** | Paid $ 600 for employee salaries |

**Prepare the following:**

**a An income statement for the month of June 2020.**

 **b A balance sheet as at 30 June 2020.**

**Answer-**