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| **SESSION** | **JUL-AUG 2022** |
| **PROGRAM** | **BACHELOR OF BUSINESS ADMINISTRATION (BBA)** |
| **SEMESTER** | **II** |
| **course CODE & NAME** | **DBB1202 – FINANCIAL ACCOUNTING** |

**Assignment Set – 1**

**1. Discuss Accounting process in detail.**

**Ans: Let’s now discuss these accounting processes one by one:**

1. **Identifying the transactions and events:** This is the first step of accounting process. It identifies the transaction of financial character that is required to be recorded in the books of accounts. Transaction is transfer of money or goods or services from one person or account to another person or account. Events happen as a result of internal policies or external needs. Events of non-financial character cannot be recorded even though such events may have

**2. Pass journal entries of M/s Rao &amp; Co for the period Jan 2004 and open necessary ledger accounts.**

|  |  |
| --- | --- |
| **January 1**  **January 2**  **January 3**  **January 4**  **January 5**  **January 7**  **January 8**  **January 9**  **January 10**  **January 11**  **January 13**  **January 15**  **January 17**  **January 20**  **January 22**  **January 25**  **January 26**  **January 27**  **January 29**  **January 31** | **Rao commenced business with 5,000**  **Bought goods for cash 2,500**  **Bought office furniture for cash 500**  **Paid for postage 10**  **Purchased goods from Rajkumar 2,000**  **Sold goods for cash 150**  **Bought goods from Rahim 400**  **Sold goods to Suresh 400**  **Sold goods to Nayak 300**  **Purchased goods for cash 350**  **Received cash from Nayak 25**  **Paid cash to Rahim 400**  **Returned goods to Rajkumar 200**  **Suresh returned goods 50**  **Paid salaries 150**  **Sold goods for cash 500**  **Rao withdrew for personal use 800**  **Paid for stationery 100**  **Paid rent 225**  **Received commission 50** |

**Answer:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Journal entries for the period Jan 2004 in the books of M/s Rao &amp; Co for the period Jan 2004 | | | |  |  |
| **Date** | **Account** | **Dr** | **Cr** |  |  |
| 1/1/2004 | Cash | $5,000 |  |  |  |
|  | Capital |  | $5,000 |  |  |
|  | Being the entry for commencing business with capital of 5000 | | |  |  |

**3. Narrate the features of Final Accounts.**

**Ans: The main features of Final Accounts are:**

**1. Relevant financial information:** This simply means the information is able to directly influence the decision making process of the user. To be relevant, financial information should contain the past as well as present records and be able to provide a yardstick for the future. Relevance is also measured in relation to materiality. If an item or event is material, it is probably relevant to the user of financial statements.

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**Assignment Set – 2**

**4. Enumerate the major reasons of differences in cash book and passbook which leads to the preparation of Bank reconciliation statement.**

**Ans:** There are so many reasons which cause differences in the balances between cash book and pass book. As the time period of posting, the transactions in the bank column of cash book does not correspond with the time period of posting in the bank pass book of the firm, the difference arises.

The reasons for difference in balance of the cash book and pass book are as under:

1. **Cheques issued to**

**5. Describe the following methods of depreciation:**

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**a. Straight line**

**Ans: Straight line method:** It is considered to be the most commonly used method of depreciation. Straight line method of depreciation is also known as fixed instalment or Original cost method. A fixed or equal amount as a percentage on the original cost of the asset is charged as depreciation in this method. To compute the amount of depreciation using the straight line method, the initial cost of the asset less any

**6. Explain the following Accounting Standards:**

**a. AS2**

**Ans: AS – 2 Valuation of Inventory**

The objective of this standard is to formulate the method of computation of cost of inventories / stock, determine the value of closing stock / inventory at which the inventory is to be shown in balance sheet till it is not sold and recognized as revenue.

Inventories are assets:

a) held for sale in