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| **SESSION** | **AugUST 2023** |
| **PROGRAM** | **BACHELOR of COMPUTER Application(BCA)** |
| **SEMESTER** | **IV** |
| **course CODE & NAME** | **DCA2204 / Principles of Financial Accounting and Management** |

**Set – 1**

**1. a. Explain the need of Accounting Information.**

**The Need for Accounting Information**

Accounting information serves as the backbone for the financial health and operation of businesses, governments, and non-profit organizations. Understanding its necessity can be gleaned from several perspectives:

**b. Explain Going concern concept and Dual aspect concepts.**

**Ans 1b.**

**Going Concern Concept**

The going concern concept is a fundamental accounting principle that assumes that a business entity will continue its operations indefinitely, and will not liquidate in the foreseeable future. In other words, the entity is expected to carry out its commitments, obligations, and

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**Q2. Pass journal entries for the following transactions.**

**1) Rajesh started business with cash ₹ 1,00,000.**

**2) Purchased goods from Kohli on credit ₹ 40,000.**

**3) Sold goods to Harbhajanon credit ₹ 60,000.**

**4) Received Dividend ₹1,000 from Tata Motors.**

**5) Paid for Advertisement ₹3,000 to Indian Express 2\*5**

**Ans 2.**

**1) Rajesh started business with cash ₹ 1,00,000.**

This is a capital introduction by the owner, Rajesh. He's bringing in cash into the business. Hence, the business's assets (Cash) will increase and the owner's equity (Capital) will also increase.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
| xx/xx/xx | Cash A/c Dr. |  | 1,00,000 |  |
|  | To Rajesh's Capital A/c |  |  | 1,00,000 |

**2) Purchased goods from Kohli on credit ₹ 40,000.**

The business has acquired goods, increasing its inventory (assuming it's a merchandise business), but hasn't paid cash, so it owes Kohli money, increasing its liabilities.

**3. a. Explain the objectives of finance function.**

**Ans 3a.**

**Objectives of Finance Function**

The finance function is one of the key departments in any organization, responsible for the management of money and monetary decisions. The primary objectives of the finance function are:

**b. Explain the steps in financial planning.**

**Ans 3b.**

**Steps in Financial Planning**

Financial planning is the process of framing financial policies concerning procurement, investment, and administration of funds. The steps involved are:

**Set – 2**

**1. The following information is in respect of Material**

**Re-order quantity = 3000 units**

**Re-order period = 4 – 6 weeks**

**Maximum Consumption = 800 units per week**

**Normal consumption = 600 units per week**

**Minimum consumption = 500 units per week**

**Emergency Re- order period = 2 weeks**

**Calculate:**

**(a)Re-order level**

**(b) Minimum Level**

**(c) Maximum Level**

**(d) Average stock level**

**(e) Danger Level**

**Ans 1.**

**Let's calculate each of the levels step by step:**

**(a) Re-order Level**

Re-order Level = (Maximum Consumption x Maximum Re-order Period)

Given, Maximum Consumption = 800 units per week Maximum Re-order Period = 6 weeks

Re-order Level = 800 units/week x 6 weeks = 4,800 units

 **(b) Minimum Level**

Minimum Level = Re-order Level - (Normal Consumption x Normal Re-order Period)

Normal Re-order Period is not directly provided, but we can take the average of the given

Re-order Period: (4 + 6) weeks / 2 = 5 weeks.

**2. a. Explain the advantages of cash management.**

**Ans 2a.**

**Cash Management: Advantages**

Cash management refers to the strategies and practices utilized by businesses and individuals to handle their financial liquidity and ensure that they can meet short-term obligations while maximizing available cash. Effective cash management is vital for a myriad of reasons, and

**b. Discuss the Behavioral classification of cost.**

**Ans 2b.**

Behaviour means change in cost due to change in output. On the basis of behaviour cost is classified into following categories:

**Fixed Cost**

It is that portion of the total cost which remains constant irrespective of output up to the

**3. Selling price per unit Rs. 40**

**Variable cost per unit Rs. 30**

**Fixed overheads Rs. 40000**

**From the above given data calculate:**

**a. The breakeven sales in Rupees will be.**

**b. If sales are 20% above BEP, determine the net profit 5+5**

**Ans 3.**

**a) To determine the break-even point in terms of units:**

Break-even point in units = Fixed overheads / (Selling price per unit - Variable cost per unit)

**Given:**

Selling price per unit = Rs. 40

Variable cost per unit = Rs. 30

**b) If sales are 20% above the Break-even Point (BEP):**

Additional sales in units = 20% of 4,000 units

Additional sales in units = 0.20 × 4,000 = 800 units

Total sales in units when 20% above BEP = 4,000 + 800 = 4,800 units