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| **SESSION** | **AUG/SEP 2023** |
| **PROGRAM** | **MASTER of business administration (MBA)** |
| **SEMESTER** | **I** |
| **course CODE & NAME** | **DMBA104- FINANCIAL AND MANAGEMENT ACCOUNTING** |
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**Assignment Set – 1**

**1. Explain different types of accounting concepts in detail. 10**

**Ans 1.**

**Accounting Concepts**

Accounting concepts are the foundational principles upon which the entire structure of accounting is built. These concepts serve as a guide to accountants and financial professionals in recording, reporting, and interpreting financial transactions. Understanding these principles is essential for anyone involved in the financial world. Below, we delve into some of the key accounting concepts and explain their significance.

**Going Concern Concept**: This concept assumes that a business entity will continue to operate indefinitely. Unless there's evidence to the contrary, it's assumed that the company

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**2. Write a detailed note on different types of subsidiary books and their importance in recording accounting transactions. Also demonstrate specimen of any 2 types of subsidiary books. 5+5**

**Ans 2.**

**SUBSIDIARY BOOKS IN ACCOUNTING**

Subsidiary books, also known as daybooks or special journals, play a pivotal role in the accounting process. These books allow businesses to record specific types of transactions in a detailed manner, which ensures that the main ledger remains uncluttered and easy to interpret. The use of subsidiary books expedites the accounting process and enhances its accuracy. Below are the different types of subsidiary books and their significance in recording accounting transactions.

**3. For the following balances extracted from a trial balance, prepare a trading account. 10**

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Stock on 1-1-2022** | **70700** |
| **Returns inwards** | **3000** |
| **Returns outwards** | **3000** |
| **Purchases** | **102000** |
| **Debtors** | **56000** |
| **Creditors** | **45000** |
| **Carriage inwards** | **5000** |
| **Carriage outwards** | **4000** |
| **Import duty on materials received from abroad** | **6000** |
| **Clearing charges** | **7000** |
| **Rent of business shop** | **12000** |
| **Royalty paid to extract materials** | **10000** |
| **Fire insurance on stock** | **2000** |
| **Wages paid to workers** | **8000** |
| **Office salaries** | **10000** |
| **Cash discount** | **1000** |
| **Gas, electricity, and water** | **4000** |
| **Sales** | **250000** |

**Ans 3.**

**Trading Account for the Year Ended 31-12-2022**

A trading account gives a detailed summary of gross profit or loss of a business. To derive the gross profit, it is essential to take into account direct incomes and direct expenses.

**Direct Incomes:**

* **Sales**: The main income for any trading business. For the given period, sales amount to Rs. 250,000.
* **Stock on 1-1-2022**: The beginning inventory is considered in the trading account to compute the cost of goods available for sale. This amount is Rs. 70,700.

**Direct Expenses:** These are the expenses directly linked to the production or procurement of goods.

**Assignment Set – 2**

**4. Following is the balance sheet for the period ending 31st March 2018 and 2019. If the current year’s net loss is Rs.38,000, calculate the cash flow from operating activities.**

|  |  |  |
| --- | --- | --- |
|  | **31st MARCH** | |
|  | **2018** | **2019** |
| **Short-term loan to employees** | **15,000** | **18,000** |
| **Creditors** | **30,000** | **8,000** |
| **Provision for doubtful debts** | **1,200** | **-** |
| **Bills payable** | **18,000** | **20,000** |
| **Stock in trade** | **15,000** | **13,000** |
| **Bills receivable** | **10,000** | **22,000** |
| **Prepaid expenses** | **800** | **600** |
| **Outstanding expenses** | **300** | **500** |

**Ans 4.**

**Cash Flow from Operating Activities Calculation**

The calculation of cash flow from operating activities is primarily based on the changes in working capital items and the net profit or loss for the year. Using the indirect method, we start with the net income (or net loss) and make adjustments for changes in current assets and current liabilities.

**Starting Point**: Net Loss for the current year: Rs. 38,000

**Adjustments for Changes in Current Assets and Liabilities**:

1. **Short-term loan to employees**:
   * 2018: Rs. 15,000

**5. Define Marginal Costing. Discuss in detail the assumptions and limitations of Marginal Costing. 2+8**

**Ans 5.**

**MARGINAL COSTING**

Marginal costing, often referred to as direct, variable, or contribution costing, is a method of costing in which only variable costs are charged to products, processes, or services, while fixed costs are treated as period costs and written off during the period in which they are incurred. The main focus is on the change in the total cost due to a change in one unit of production. It helps managers in making decisions regarding production, pricing, and other business strategies by focusing on the marginal or incremental costs and benefits.

**6. Define budgetary control? Elaborate essential features of budgetary control. 10**

**Ans 6.**

**BUDGETARY CONTROL: DEFINITION AND ESSENTIAL FEATURES**

**Definition of Budgetary Control:** Budgetary control is a system of managing costs through preparation of budgets. It entails the process of preparing budgets for a specific period, comparing the actual results with the budgeted figures, and taking corrective action if any discrepancies exist. It serves as a vital tool for management in planning, coordinating, and