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| **SESSION** | **JAN - FEB2024** |
| **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.**

**Ans 1.**

The field of accounting is governed by several fundamental concepts that ensure the uniformity, clarity, and comparability of financial reporting. These accounting concepts form the backbone of financial and management accounting practices. Here are the key types of accounting concepts detailed:

**Entity Concept**

The entity concept separates the business from its owner(s). Financial records reflect only the business’s transactions, distinct from the personal financial activities of its owner or any other

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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.**

**Ans 2.**

Subsidiary books, also known as special journals, are an integral part of the accounting system used by businesses to categorize and record financial transactions before they are summarized in the ledger. These books streamline the accounting process, enhance accuracy, and improve the efficiency of financial record-keeping. Below is a detailed note on the different types of subsidiary books and their importance in recording accounting transactions,

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

|  |  |
| --- | --- |
| **Particulars** | **Amount in Rs.** |
| **Stock on 1-1-2004** | **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.**

A trading account is a summary of all revenues and costs directly associated with the buying and selling of goods over a given accounting period, typically over a fiscal year. It helps in determining the gross profit or gross loss of a business entity. The following example demonstrates how to prepare a trading account for a business using the provided trial balance data.

**Balances Extracted from the Trial Balance**

|  |  |
| --- | --- |
| **Particulars** | **Amount (Rs.)** |

**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.**

To calculate the cash flow from operating activities, we first need to adjust for the non-cash expenses and changes in working capital from the balance sheet data provided. The net loss for the year is also factored into these calculations to reach the net cash flow from operating activities. Here’s how you can do it:

**Adjustments for Changes in Working Capital:**

Changes in working capital components impact cash flow. Here's a breakdown based on the

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

**Ans 5.**

Marginal costing, also known as variable costing or direct costing, is a costing method in which only variable costs are charged to cost units and fixed costs are treated as period costs and are written off in the period in which they are incurred. This technique differentiates between fixed costs and variable costs as product cost and period cost, respectively. The key feature of marginal costing is that it provides clarity in the effect of fixed costs on the overall

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**6. What is meant by budgetary control? Elaborate essential features of budgetary control.**

**Ans 6.**

Budgetary control is a comprehensive system of managing a business's finances by developing budgets based on the various activities involved, then comparing actual results to the budgeted figures to measure performance and make informed decisions. This system helps in planning, coordinating, and controlling various business operations through financial and/or quantitative statements prepared and approved prior to a defined period.

**Essential Features of Budgetary Control**

**1. Financial Planning:** Budgetary control involves detailed financial planning. The process