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| **SESSION** | **JAN - FEB 2025** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **01** |
| **COURSE CODE & NAME** | **DMBA116 FINANCIAL ACCOUNTING**  |
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**Assignment Set – 1**

**Q1. Define accounting. Write a note on: Accounting as an information system.**

**Ans 1.**

**Definition of Accounting and Its Role as an Information System**

**Definition of Accounting**

Accounting is defined as the systematic process of identifying, recording, classifying, summarizing, interpreting, and communicating financial information to various stakeholders. It helps in tracking the financial performance of a business and is essential for decision-making, regulatory compliance, and strategic planning. In simple terms, accounting provides a structured framework for monitoring the inflow and outflow of financial resources in an organization.

**Accounting as an Information System**

Accounting serves as an information system by collecting and processing financial data to

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**Q2. What are the various users of accounting information? Explain their information needs. 5+5**

**Ans 2.**

**Users of Accounting Information and Their Needs**

**Users of Accounting Information**

Accounting information is valuable to a diverse group of stakeholders. Each user relies on financial data for specific decision-making purposes. The users can broadly be classified into internal users (within the organization) and external users (outside the organization). Understanding their information needs is essential for preparing relevant and useful financial statements.

**Internal Users and Their Information Needs**

Internal users are individuals involved in the daily operations and strategic decision-making

**Q3. State the meaning and significance of going concern concept in accounting. 5+5**

**Ans 3.**

**Meaning and Significance of Going Concern Concept in Accounting**

**Meaning of Going Concern Concept**

The Going Concern Concept is a fundamental accounting assumption which states that a business will continue its operations into the foreseeable future and has no intention or necessity to liquidate or significantly curtail its operations. This concept implies that the business entity will remain operational long enough to carry out its objectives and obligations.

Under this assumption, assets are recorded based on their historical cost and not their

**Assignment Set – 2**

**Q4. Distinguish between Journal and Ledger. Give one format of ledger. 5+5**

**Ans 4.**

**Difference Between Journal and Ledger**

In accounting, Journal and Ledger are two fundamental stages in the recording process, but each has a distinct function. The Journal, often called the book of original entry, is where transactions are first recorded in chronological order. Each transaction is recorded using the double-entry system, showing which account is debited and which is credited, along with a short narration and date.

**Q5. What is meant by Trial Balance? What are the main objectives and limitations of a trial balance? 5+5**

**Ans 5.**

**Meaning, Objectives, and Limitations of Trial Balance**

**Meaning of Trial Balance**

A Trial Balance is a financial statement that lists all the ledger account balances of a business at a particular date. It is prepared to check the arithmetical accuracy of bookkeeping entries. The total of debit balances must equal the total of credit balances, indicating that the books are mathematically correct. It is not a financial statement in itself but serves as a working paper for preparing the final accounts, such as the Trading, Profit & Loss Account, and

**6. A machine is purchased for Rs. 1,80,000 and Rs. 20,000 is spent on its installation. Residual value of the machine is Rs 10,000. Estimated useful life of the machine is 5 years. Calculate the rate of Depreciation. 10**

**Ans 6.**

**Depreciation in Asset Valuation**

Depreciation is an essential concept in financial accounting that refers to the gradual reduction in the value of a fixed asset over its useful life. It arises due to wear and tear from regular use, technological obsolescence, passage of time, and other factors that diminish an asset’s value. Businesses use depreciation to allocate the cost of tangible assets such as machinery, equipment, and vehicles over the period during which they generate revenue. This ensures a more accurate reflection of the asset's value and performance in financial