

Assignment

Name → Praneeet Class → MBA (IBM)

Roll No → 2302570049 Subject → Accounting for Management

Ques → 1) Write the difference between financial Accounting, Managerial Accounting and cost Accounting?

- Ans →
- 1) Financial Accounting → It focuses on recording, summarizing and reporting financial transactions of a business to external stakeholders like investors, creditors and regulators. Its primary purpose is to provide accurate and transparent financial information for decision-making and external accountability.
 - 2) Managerial Accounting → This type of Accounting is concerned with providing internal management with information for decision-making and planning. It includes detailed reports, budgets and forecasts to help managers analyze costs, allocate resources and make informed decisions within the organization.
 - 3) Cost Accounting → Cost Accounting primarily deals with the calculation and allocation of cost related to producing goods or services.

It helps in determining the cost of products, analyzing cost behaviors and making cost effective decisions.

Ques → 2. Explain the purpose of using P&L Statement, balance sheet and cash flow statement in detail.

Ans → 1) Profit and loss (P&L) Statement → Profit & loss statement is also known as the income statement. It provides a summary of a company's revenues, expenses, and net income or loss over a specific period. The P&L statement helps assess a company's profitability and performance, making it crucial for investors, creditors and management.

2) Balance sheet → A balance sheet presents a snapshot of a company's financial position at a specific point in time. It lists assets, liabilities and shareholder's equity. This statement is essential for evaluating a company's financial health, solvency, and its ability to meet its obligations.

3) Cash flow statement → This statement tracks the inflow and outflow of cash within a company over a period. It is divided into operating, investing
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and financing activities the cash flow statement helps assess a company's liquidity, its ability to generate cash and its cash management practices.

Ques → 3 Explain following costing Methods
 1) job order costing 2) Process costing
 3) ~~Process~~ operating costing 4) Batch costing
 5) contract costing

Ans → 1) job order costing → job order costing is used when products or services are customized or produced in batches each with unique characteristics. Costs are assigned to specific jobs or orders allowing for precise cost tracking

2) Process costing → Process costing is suitable for continuous or mass production where products are identical or highly similar. Costs are identical or ~~for~~ costs are averaged over the entire production process, making it ideal for industries like chemicals or food manufacturing

3) operating costing → operating costing is a hybrid of job order and process costing. It is used in industries like transportation or utilities, where services are customized to some extent, but costs are still averaged.

over a period or segment.

- 4) Batch costing → Batch costing is employed when products are produced in batches, but each batch may have different production costs. It combines elements of job order and process costing to allocate costs to specific batches.
- 5) Contract costing → Contract costing is used in construction and similar industries where projects are long-term and unique costs are tracked for each contract separately to determine profitability and compliance budgeted expenses.