

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA (Integrated)

SEM: III - THEORY EXAMINATION (2024 - 2025)

Subject: Financial Accounting-II

Time: 2.5 Hours

Max. Marks: 60

General Instructions:*IMP: Verify that you have received the question paper with the correct course, code, branch etc.**1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.**2. Maximum marks for each question are indicated on right -hand side of each question.**3. Illustrate your answers with neat sketches wherever necessary.**4. Assume suitable data if necessary.**5. Preferably, write the answers in sequential order.**6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.***SECTION-A**

15

1. Attempt all parts:-

- 1-a. As per the accrual concept of accounting, any financial or business transaction should be recorded: (CO1,K1) 1
- (a) when profit is computed
- (b) when balance sheet is prepared
- (c) when cash is received or paid
- (d) when transaction occurs
- 1-b. The account that records expenses, gains and losses is: (CO2,K1) 1
- (a) personal account
- (b) real account
- (c) nominal account
- (d) none of these
- 1-c. To improve current ratio, Which of the following transactions should be done? (CO3,K1) 1
- (a) Purchase of Goods for Cash.
- (b) Payment to Trade Payables.
- (c) Credit purchase of Goods.
- (d) Cash collected from Trade Receivables.
- 1-d. Common size statements are different from comparative statements because they: (CO4,K1) 1

- (a) Show data in absolute terms only.
- (b) Show data as percentages of a base.
- (c) Focus on year-to-year changes.
- (d) Include only liabilities.
- 1-e. On the basis of _____, working capital is classified as gross working capital and net working capital. (CO5,K1) 1
- (a) concept
- (b) time
- (c) future
- (d) work
2. Attempt all parts:-
- 2.a. Give full form of IFRS and GAAP. (CO1,K2) 2
- 2.b. Define trade and cash discount. (CO2,K2) 2
- 2.c. Define Gross and net profit ratio. (CO3,K2) 2
- 2.d. Define comparative income statement. (CO4,K2) 2
- 2.e. Define working capital. (CO5,K2) 2

SECTION-B

15

3. Answer any three of the following:-

- 3-a. Discuss how accounting standards, such as IFRS or GAAP, impact the preparation of financial statements for a company. Discuss the importance of these standards in ensuring consistency, transparency, and comparability of financial information. How do they help stakeholders, such as investors and regulators, make informed decisions? (CO1,K4) 5
- 3-b. Journalise the following transactions and post them into the Ledger: 1. Ram started business with a capital of Rs 10,000. 2. He purchased furniture for cash Rs 4,000. 3. He purchased goods from Mohan on credit Rs 2,000. 4. He paid cash to Mohan Rs 1,000. (CO2,K3) 5
- 3-c. XYZ Ltd. has prepared its financial records for the year and provides the following information: 5
- Net Profit: ₹80,000
 - Depreciation: ₹20,000
 - Increase in Debtors: ₹10,000
 - Decrease in Creditors: ₹5,000

As the accountant of XYZ Ltd., you are required to prepare the Cash Flow Statement, based on the above information.
(CO3,K4)

- 3.d. ABC Ltd. has provided the following data for the year ending 2022 and 2023: 5
- Current Assets: ₹1,20,000 (2022) and ₹1,50,000 (2023)
- Fixed Assets: ₹3,00,000 (2022) and ₹3,50,000 (2023)

As the financial analyst at ABC Ltd., analyze the changes in the financial position of the company over the two years. You are required to: 1. Perform a comparative analysis of the changes in Current Assets and Fixed Assets., 2. Discuss the implications of these changes on the company's liquidity and long-term asset management. (CO4,K4)

- 3.e. As a financial manager of XYZ Ltd., you are tasked with evaluating the company's working capital management practices. The company is considering several strategies to optimize its working capital for better operational efficiency and profitability. 1. Discuss the different classifications of working capital. 2. Evaluate the significance of each type of working capital in the context of the company's operational cycle, industry standards, and its current financial health. (CO5,K5) 5

SECTION-C

30

4. Answer any one of the following:-

- 4-a. ABC Ltd. has investments in financial instruments and property. The company follows the Indian Accounting Standards (Ind AS) for its financial reporting. One of the key principles that ABC Ltd. uses is Fair Value Accounting for measuring and reporting the value of its financial assets and liabilities. 1. Explain the concept of Fair Value Accounting as per Ind AS. Describe how fair value is determined and the difference between fair value and historical cost accounting. 2. Provide practical examples of how fair value accounting would apply to financial instruments (like investments in shares) and property (like land or buildings), illustrating how these would be reported under Ind AS 113 and other relevant standards. (CO1,K3) 6
- 4-b. Evaluate the impact of Ind AS 16 (Property, Plant, and Equipment) on asset valuation and depreciation policies. (CO1,K3) 6

5. Answer any one of the following:-

- 5-a. Prepare the Final Accounts for the year ended 31st March with the following details: Purchases ₹1,50,000, Sales ₹2,50,000, Adjustments: (a) Prepaid Insurance ₹5,000; (b) Depreciation on Machinery ₹8,000; (c) Closing Stock ₹40,000. (CO2,K3) 6
- 5-b. Given the following trial balance and adjustments, prepare the Trading and Profit & Loss Account: Trial Balance: Sales ₹2,00,000, Purchases ₹1,20,000, Adjustments: Closing Stock ₹30,000, Carriage Inwards ₹5,000, Wages Outstanding ₹2,000. (CO2,K3) 6

6. Answer any one of the following:-

- 6-a. Explain the adjustments for working capital changes in a cash flow statement, and illustrate with examples of changes in debtors, creditors, and stock. (CO3,K2) 6
- 6-b. Using the following, classify the transactions and prepare a cash flow statement: (a) Dividend Paid ₹30,000; (b) Machinery sold ₹1,50,000; (c) Payment of Salary ₹20,000; (d) Interest Received ₹10,000. 6

(CO3,K3))

7. Answer any one of the following:-

- 7-a. From the following, prepare a Comparative Income Statement: Sales ₹5,00,000 (2021) and ₹6,00,000 (2022); Cost of Goods Sold ₹2,50,000 (2021) and ₹3,00,000 (2022); Operating Expenses ₹1,00,000 (2021) and ₹1,20,000 (2022). (CO4,K3) 6
- 7-b. Explain the steps to prepare Comparative Statements and Common Size Statements. Illustrate their importance in financial statement analysis. (CO4,K2) 6
8. Answer any one of the following:-
- 8-a. A) Discuss the need of having working capital in the firm. b) Calculate the working capital turnover ratio and interpret it for a company with Net Sales ₹15,00,000 and Average Working Capital ₹3,00,000. (CO5,K3) 6
- 8-b. Compare the working capital management strategies of a cash-rich firm and a cash-constrained firm. (CO5,K3) 6

COP:JULY_DEC-2024