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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA
(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA (Integrated)

SEM: III - THEORY EXAMINATION (2025 - 2026)

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 revenue recognition principle, sales revenues should be recognized at the time when: (CO1,K1) 1
- (a) Order is taken for merchandise
- (b) Ownership of goods gets transferred from the seller to the buyer
- (c) Cash is received
- (d) All of these
- 1-b. According to a going concern concept, a business is viewed as having: (CO2,K1) 1
- (a) a limited life
- (b) an indefinite life
- (c) a very long life
- (d) None of these
- 1-c. Liquid Ratio is equal to liquid assets divided by _____. (CO3,K2) 1
- (a) Current Liabilities.
- (b) Total Liabilities.
- (c) Contingent Liabilities.
- (d) Non-Current Liabilities.
- 1-d. A company's Revenue from Operations are ₹20,00,000; Cost of Revenue from Operations is ₹14,00,000 and indirect expenses are ₹2,00,000. Calculate the amount of Gross Profit: (CO4,K2) 1
- (a) ₹18,00,000
- (b) ₹4,00,000
- (c) ₹8,00,000

- (d) ₹6,00,000
- 1-e. Investment in current assets should be _____. (CO5,K1) 1
- (a) just adequate
- (b) more
- (c) less
- (d) maximum
2. Attempt all parts:-
- 2.a. Differentiate between Personal and Nominal accounts. (CO1,K2) 2
- 2.b. List any two limitations of balance sheet. (CO2,K1) 2
- 2.c. Give formula of gross profit ratio. (CO3,K2) 2
- 2.d. Calculate the Earnings Before Interest and Taxes (EBIT) given the following information: Sales Revenue: Rs 200,000, Operating Expenses: Rs 80,000, Interest Expenses: Rs5,000, Taxes: Rs 10,000. (CO4,K2) 2
- 2.e. A firm has Current Ratio: 2:1 and Quick Ratio: 1:1. What does this indicate about the firm's liquidity? (CO5,K1) 2

SECTION-B

15

3. Answer any three of the following:-
- 3-a. Describe the fundamentals of accounting equation. Discuss the relationship between assets and liabilities. (CO1,K2) 5
- 3-b. Explain the treatment of Accrued Income and Unearned Income in the preparation of final accounts. Provide suitable examples. (CO2,K2) 5
- 3.c. Given the following, prepare the cash flow from investing activities: Purchase of equipment ₹50,000, Sale of land ₹1,00,000. (CO3,K1) 5
- 3.d. Prepare a Common Size Income Statement from the following: Sales ₹3,00,000; Cost of Goods Sold ₹1,20,000; Operating Expenses ₹50,000. Calculate each component as a percentage of sales. (CO4,K3) 5
- 3.e. Explain the long term sources of funds. (CO5,K2) 5

SECTION-C

30

4. Answer any one of the following:-
- 4-a. Explain different types of assets with example. (CO1,K3) 6
- 4-b. Compare Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS) and discuss their convergence. (CO1,K2) 6
5. Answer any one of the following:-
- 5-a. 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
- 5-b. Explain the impact of adjustments like depreciation, outstanding expenses, and accrued income on the final accounts, and illustrate with an example. (CO2,K3) 6
6. Answer any one of the following:-

- 6-a. If a company's Current Ratio is 2.5 and its Quick Ratio is 1.5, give your opinion about the financial health of the company. (CO3,K2) 6
- 6-b. Differentiate between Liquidity and Solvency. (CO3,K2) 6
7. Answer any one of the following:-
- 7-a. Compare the performance of two companies using Common Size Statements. Provide a numerical example with Total Assets, Inventory, and Fixed Assets. (CO4,K2) 6
- 7-b. Analyze the growth in profit and working capital using a Comparative Balance Sheet: Net Profit ₹1,50,000 (2021) and ₹2,00,000 (2022); Working Capital ₹80,000 (2021) and ₹1,00,000 (2022). (CO4,K4) 6
8. Answer any one of the following:-
- 8-a. Prepare a working capital estimate using the following: Raw Material Inventory ₹2,00,000 (60 days); Work-in-Progress ₹80,000 (30 days); Finished Goods Inventory ₹1,20,000 (45 days); Debtors ₹1,00,000 (30 days); Creditors ₹80,000 (30 days). (CO5,K3) 6
- 8-b. Explain the importance of balancing liquidity and profitability in working capital management with examples. (CO5,K3) 6