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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 (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**

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1. Attempt all parts:-

1-a. Accounting provides data or information on: CO1,K1

1

- (a) Income and cost for the managers
- (b) Financial conditions of the institutions
- (c) Company's tax liability for a particular year
- (d) All the these

1-b. Real account records: CO2,K1

1

- (a) dealings with creditors or debtors
- (b) dealings in commodities
- (c) gains and losses
- (d) all of these

1-c. Equity or Shareholders fund is equal to _____. CO3,K1

1

- (a) Equity share capital + Preference share capital.
- (b) Equity share capital + Revenues and Surplus.
- (c) Equity share capital + Preference share capital + Revenues and Surplus.
- (d) None of the options are correct.

1-d. In the Balance Sheet of a Common Size Statement: CO4,K1

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- (a) Figure of share capital is assumed to be 100
- (b) Figure of current liabilities is assumed to be 100
- (c) Figure of fixed assets is assumed to be 100

- (d) Figure of total assets is assumed to be 100
- 1-e. There are two concepts of working capital – gross and ____: CO5,K1 1
- (a) Zero
- (b) Net
- (c) Cumulative
- (d) Distinctive

2. Attempt all parts:-

- 2.a. Differentiate between Personal and Nominal accounts. CO1,K2 2
- 2.b. Define Ledger. Give its format also. CO2,K2 2
- 2.c. Define Solvency ratio. Give two examples. CO3,K2 2
- 2.d. Calculate the Accounts Receivable Turnover Ratio: Net Credit Sales: Rs 200,000, Average Accounts Receivable: Rs 30,000. CO4,K3 2
- 2.e. Define working capital. What are its two main components? CO5,K2 2

SECTION-B

15

3. Answer any three of the following:-

- 3-a. Compare and contrast Cash Basis Accounting with Accrual Basis Accounting, highlighting their advantages and limitations. CO1,K2 5
- 3-b. Jeyaseeli is a sole proprietor having a provisions store. Following are the transactions during the month of January, 2018. Journalise them. 1-Commenced business with cash - 80,000; 2-Deposited cash with bank - 40,000; 3- Purchased goods by paying cash - 5,000; 4- Purchased goods from Lipton & Co. on credit - 10,000; 5- Sold goods to Joy and received cash-11,000; 6-Paid salaries by cash-5,000; 7- Paid Lipton & Co. by cheque for the purchases made on 4th Jan.; 8- Bought furniture by cash-4,000 ; 9-Paid electricity charges by cash-1,000; 10- Bank paid insurance premium on furniture as per standing instructions - 300. CO2,K4 5
- 3.c. Define Profitability ratio. Using given data: Sales = ₹10,00,000, Cost of Goods Sold (COGS) = ₹6,00,000, Operating Expenses = ₹2,00,000, Net Profit = ₹1,00,000. Calculate Gross profit margin, operating profit margin and net profit margin. CO3,K3 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,K4 5
- 3.e. Explain the significance of trade credit as a short-term financing option for working capital. CO5,K3 5

SECTION-C

30

4. Answer any one of the following:-

- 4-a. Discuss importance of maintaining proper accounts with respect to government regulations. CO1,K2 6

- 4-b. Explain the concept of Fair Value Accounting under Indian Accounting Standards with practical examples. CO1,K2 6
5. Answer any one of the following:-
- 5-a. Enter the following transactions in the Journal of Bhagwat and sons for Year 2006:(in Rs)1. January 1 Tarun started business with cash 1,00,000;2. January 2 Goods purchased for cash 20,000; 3 January 4 Machinery Purchased from Vibhu 30,000; 4. January 6 Rent paid in cash 10,000; 5. January 8 Goods purchased on credit from Anil 25,000; 6. January 10 Goods sold for cash 40,000 CO2,K4 6
- 5-b. Prepare a Trial Balance using these balances: Capital ₹1,00,000; Purchases ₹50,000; Sales ₹80,000; Rent ₹10,000; Cash ₹30,000; Creditors ₹40,000. CO2,K3 6
6. Answer any one of the following:-
- 6-a. Suppose a company a Current Ratio of 0.8, Give your interpretation about the financial health of the company. Give suggestion to improve the condition. CO3,K3 6
- 6-b. A) Describe why quick ratio is more relevant than current ratio. 6
B) Using given data, calculate Quick ratio and Current ratio: Current Assets = ₹1,50,000, Inventory = ₹50,000, Current Liabilities = ₹80,000, Cash = ₹20,000, Accounts Receivable = ₹40,000, Marketable Securities = ₹10,000 CO3,K4
7. Answer any one of the following:-
- 7-a. Prepare a Comparative Income Statement for 2021 and 2022 with the following: Sales ₹5,00,000 (2021) and ₹6,00,000 (2022); Cost of Goods Sold ₹2,50,000 (2021) and ₹3,00,000 (2022); Expenses ₹1,00,000 (2021) and ₹1,20,000 (2022). CO4,K3 6
- 7-b. Given the following, prepare a Common Size Income Statement: Sales ₹8,00,000; Cost of Goods Sold ₹4,00,000; Operating Expenses ₹2,00,000; Net Profit ₹2,00,000. Calculate each as a percentage of Sales. CO4,K4 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