

## FINANCIAL ACCOUNTING – 2

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### 1. Remembering:

- Recall the principles and concepts of trading and profit and loss account.
- Remember the steps involved in preparing a trading and profit and loss account.
- List the key components of a trading and profit and loss account.

### 2. Understanding:

- Explain the significance of trading and profit and loss account in financial accounting.
- Describe the difference between trading and profit and loss account.
- Interpret the information presented in a trading and profit and loss account.

### 3. Applying:

- Calculate the net profit or loss after preparing a trading and profit and loss account.
- Apply the rules for issuing right and bonus shares in a practical scenario.
- Demonstrate the process of ESOP and buy back of shares in a company.

### 4. Analyzing:

- Analyze the impact of issuing and redeeming preference shares on a company's financial statements.
- Compare and contrast the accounting treatment of hire purchase and instalment sale transactions.
- Evaluate the financial implications of different share issuance methods on a company's capital structure.

### 5. Evaluating:

- Critically evaluate the effectiveness of using trading and profit and loss account in assessing a company's performance.
- Assess the advantages and disadvantages of issuing preference shares compared to other financing options.
- Formulate recommendations for improving the accounting practices related to share issuance and buy back activities.

### 6. Creating:

- Design a comprehensive financial statement incorporating trading and profit and loss account for a specific company.
- Develop a strategy for implementing share buy back or ESOP program in a company.
- Formulate a financial plan utilizing hire purchase and instalment sale options for a business expansion project.

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