

**Indian Maritime University**  
**(A Central University, Govt of India)**  
**End Semester Examinations – December 2022**  
**Programme Name: MBA(ITL/PSM)**  
**Semester: I**  
**Subject Code:PG22T3102/PG21T3102**  
**Subject Name: ACCOUNTING FOR MANAGERS**

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Date: 26.12.2022

Max Marks: 60

Duration: 03 Hrs

Pass Marks: 30

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**General Instructions –**

- I. All Sections (A, B, C) are to be attempted.
- II. Options, if any, are specified in the respective Sections.

**SECTION – A**

**(Answer ALL the Questions)**

10 x 1 Mark = 10 Marks

1. Which of the following shows summary of a Company's Financial position at a specific date?
  - a) Profit & Loss Account
  - b) Cash Flow Statement
  - c) Balance Sheet
  - d) Income & Expenditure Account
  
2. Economic resources owned by a business and expected to benefit for the future operations are called:
  - a) Expenses
  - b) Assets
  - c) Capital

d) Liabilities

**3.** Expenditures incurred annually on renewal of patents are known as:

- a) Revenue Expenditures
- b) Capital Expenditures
- c) Financial Expenditures
- d) Operating Expenditures

**4.** The amount of salary paid to Mr. A should be debited to:

- a) Mr. A 's account
- b) Salaries account
- c) Cash account
- d) Drawings account

**5.** Investment is the

- a) Increase in the revenue of a Company
- b) Person's expectation to buy an asset
- c) Employment of funds on assets to earn returns
- d) Employment of funds on goods and services that are used in production process

**6.** Market value of the shares of a Company are decided by

- a) The respective companies
- b) The investment market
- c) The government
- d) The shareholders

**7.** A company may raise capital from the primary market through

- a) Public issue
- b) Rights issue
- c) Bought out deals

d) All of the above

**8.** Excess working capital results in

- a) Blocking of cash
- b) Loosing interests
- c) Lack of production
- d) Low revenue

**9.** The market value of a firm is the result of

- a) Dividend decisions
- b) Working capital decisions
- c) Capital budgeting decisions
- d) Trade-off between cost and risk

**10.** In capital budgeting, a technique based on discounted cash flow is classified as

- a) Net present value method
- b) Net future value method
- c) Net capital budgeting method
- d) Net equity budgeting method

**SECTION – B**

**(Answer ALL the Questions)**

5 x 2 Marks = 10 Marks

**11.** Briefly state your understanding of the term 'Contingent Liability'.

**12.** State major sources of long-term and short-term finance in case of business entities.

**13.** Distinguish between fixed assets and current assets with examples.

**14.** State two advantages and two disadvantages of ARR method of Capital Investment appraisal.

- 15.** What are the basic differences between Straight Line Method and Written Down Value Method of depreciation?

**SECTION – C**

**(Answer any FIVE Questions from this Part)**

5 x 8 Marks = 40 Marks

- 16.** From the following information, prepare a Profit & Loss Account for the year ended 31.3.22 and Balance Sheet as at 31.3.22 of MN Ltd as per Schedule III to the Companies Act, 2013.

Total Revenue from operation: Rs 10,00,000; Total Expenses: Rs 8,00,000;  
Tax Expenses (Net): Rs 50,000;

Share Capital: Rs 20,00,000; Reserves & Surplus (Accumulated Balance): Rs 5,00,000; Non-Current Liabilities (Net Deferred Tax Liability) : Rs 2,00,000; Current liabilities: Rs 3,25,000 which comprises Short term Provision: Rs 25,000 and Other Current Liabilities: Rs 3,00,000.

Fixed Assets (Net): Rs.15,50,000; Non-current Investments: Rs 3,50,000;  
Long term Loans & Advances: Rs 2,50,000;  
Total Current Assets: Rs 8,75,000 which comprises Inventories: Rs 1,25,000,  
Trade Receivables: Rs 1,50,000, Cash & Bank balance: Rs 50,000, Short term Loans & Advances: Rs 2,50,000 and the balance amount comprises Current Investments.

8 Marks

- 17.** (a) What are the various factors that influence the amount of Working Capital requirements of a Company?  
(b) What do you understand by Working Capital Cycle?  
4 + 4 = 8 Marks

- 18.** (a) Explain the term Cost of Capital.

(b) Briefly state the important determinants of Capital structure of a business entity. 4 + 4 = 8 Marks

- 19.** X Ltd is considering acquiring one of the following Investment Projects:

Project A: The machine requires an initial investment of Rs 1,00,000 and will generate cash flow after tax of Rs 30,000 per year for 5 years.

Project B: The machine requires an initial investment of Rs 1,25,000 and will generate cash flow after tax of Rs 27,000 per year for 8 years.

Which Project should be undertaken?

The Company uses 10% cost of capital to evaluate the Projects.

Net Present Value (NPV) of Re.1 for 8 years are:

Year	1	2	3	4	5	6	7
8							
Value	0.9091	0.8264	0.7513	0.6830	0.6209	0.5645	0.5132
0.4665							

8 Marks

**20.** A firm has Sales of Rs 2,00,000, Variables cost of Rs 14,00,000 and Fixed Cost of Rs 4,00,000, Debts of Rs 10,00,000 at 10% rate of interest. Calculate: Operating, Financial and Combined Leverages and give your Comments.

6 + 2 = 8 Marks

**21.** (a) Explain your understanding of the term Dividend. How interim dividend differs from final dividend?

(b) Distinguish between Shares and Debenture

4 + 4 = 8 Marks

**22.** (a) What are the objectives of Financial Accounting? What are its main limitations?

(b) What are the Accounts in the Financial Statements of a Company that are utilized to issue Bonus shares to the shareholders?

6 + 2 = 8 Marks