

Indian Maritime University
(A Central University, Government of India)
End Semester Examinations – December 2024
Programme Name: MBA (ITL/PSM)
Semester: I
Subject Code: PG21/22T3102
Subject Name: ACCOUNTING FOR MANAGERS

Date: 09.12.2024

Max Marks: 60

Duration: 03 Hrs

Pass Marks: 30

General Instructions

- (i) All Sections (A, B & C) are to be attempted.
- (ii) Options, if any, are specified in respective section.

Section A

10x1=10 Marks

Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.

1. In accounting, a journal entry involves:
 - a. Only recording expenses
 - b. Only recording revenues
 - c. Recording all business transactions in a chronological order
 - d. Summarizing financial statements
2. If the trial balance does not balance, what could be the most likely cause?
 - a. The accountant applied the matching principle correctly.
 - b. An equal debit and credit entry has been made.
 - c. A transaction was recorded in the wrong account.
 - d. The total of debits does not equal the total of credits.
3. Which of the following financial statements is primarily concerned with the financial position of an entity at a specific point in time?
 - a. Income Statement
 - b. Statement of Cash Flow
 - c. Balance Sheet
 - d. None of the above
4. Which of the following is an example of a current asset?
 - a. Buildings
 - b. Accounts Receivable
 - c. Bills Payable
 - d. Equipment

5. Which of the following methods is commonly used to calculate the cost of equity?
 - a. Payback Period
 - b. Net Present Value (NPV)
 - c. Capital Asset Pricing Model (CAPM)
 - d. Internal Rate of Return (IRR)
6. The weighted average cost of capital (WACC) is:
 - a. The average rate of return a company expects to earn on its investments.
 - b. The average of the cost of debt, equity, and retained earnings.
 - c. The overall required return on a firm's assets, weighted by the proportion of debt and equity.
 - d. The cost associated with issuing new stock.
7. The primary goal of financial management in a corporation is to:
 - a. Maximize profits
 - b. Maximize the market value of the company's stock
 - c. Minimize costs
 - d. Maximize sales revenue
8. Which of the following techniques is commonly used for evaluating capital investment decisions?
 - a. Current Ratio
 - b. Net Present Value (NPV)
 - c. Debt-to-Equity Ratio
 - d. None of the above
9. According to the Walter Model, a firm should retain earnings if:
 - a. The firm's rate of return (r) is less than the cost of capital (k).
 - b. The firm's rate of return (r) is equal to the cost of capital (k).
 - c. The firm's rate of return (r) is greater than the cost of capital (k).
 - d. The firm has no profitable investment opportunities.
10. A company's dividend decision primarily concerns:
 - a. How much earnings to retain and how much to distribute as dividends.
 - b. The issuance of new shares.
 - c. The capital structure of the firm.
 - d. The company's production decisions.

Section –B

5x2=10 Marks

Answer All the Questions

11. Define GAAP?
12. What is fixed depreciation?
13. Explain Net Operating Income?
14. Define a) NPV (B) IRR
15. What is working capital?

Section-C

5x8 =40 Marks

Answer any 5 questions out of 7 questions

16. Prepare Trading, P&L account and Balance Sheet for the year ending 30.03.2023. of Good Man Enterprises: -

Particulars	Debit (Rs)	Credit (Rs)
Captial a/c		600000
Land & Building a/c	900000	
Plant & Machinery a/c	450000	
Sales a/c		2250000
Purchase a/c	1250000	
Op.Stock a/c	27000	
Power a/c	40000	
Electricity Charges a/c	125000	
Rent a/c	80000	75000
Adnministrative Exps a/c	53000	
Salary a/c	112500	
Wages a/c	81000	
Sundry Debtors a/c	205000	
IDBI Loan a/c		398500
Investment a/c	350000	
Sundry creditors a/c		145000
Miscellaneous Income a/c		55000
Bank Over Draft a/c		150000
Total	3673500	3673500

Estimated closing stock Rs 166000
Depreciation: Land & Building 10% Plant and Machinery 20%

17. The following information has been extracted from the balance sheet of Fashion Ltd.,

	Amount (₹) Rs. in lakhs
Equity Share Capital	400
12% Debenture	400
18% Term Loan	1200

	2,000

- a. Determine the weighted average cost of capital of the company. It has been paying dividends at a consistent rate of 20% P.A
- b. What difference it makes if the current price the share is Rs 100 has become Rs.160.

18. A project cost Rs.15,60,000 and yields annually a profit of Rs 2,70,400 after depreciation of 12% p.a but before tax at 25%
Calculate pay-back period

19. ABC Ltd. purchased a machine on 1st July,2019 at a cost of Rs. 14, 00,000 and spent Rs. 1, 00,000 on its installation. The firm writes off depreciation at 10% p.a. of the original cost every year. The books are closed on 31st March every year. You are required to:
Show the Machinery Account and Depreciation Account for the year 2019-20 and 2020-21

20. What are the objectives of financial accounting?
21. What is a Dividend Decision and explain its importance?
- 22 A) What do you understand by working capital? (2 Marks)
- B) State the modes of working capital financing. (6 Marks)