

**Indian Maritime University**  
(A Central University, Government of India)  
**Supplementary Examinations – March/April 2025**

**Programme Name:** MBA (ITL/PSM)  
**Semester: II**  
**Subject Code:** PG21/22T3102  
**Subject Name:** ACCOUNTING FOR MANAGERS

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Date: 04.03.2025

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 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
<b>Total</b>	<b>3673500</b>	<b>3673500</b>

Estimated closing stock Rs 166000
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<b>Depreciation:</b>
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Land & Building 10% Plant and Machinery 20%
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17. Explain the importance of Weighted Average Cost of Capital?
  
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. Briefly explain the concepts of working capital?