

INDIAN MARITIME UNIVERSITY

(A Central University, Govt. of India)

Sep/Oct'25 SE
MBA (ITL/PSM)

Subject Code: PG22T3102/PG21T3102

Subject Name: Accounting For Managers

Max Marks :60

Pass Marks: 30

Date: 02.09.2025

Duration: 3 Hrs.

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 Rs.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. Debits 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

MARKS

