

INDIAN INSTITUTE OF MANAGEMENT, KOZHIKODE
Kunnamangalam, Kozhikode, Kerala-673 570

Executive Post Graduate Programme in Management (ePGP)

Management Accounting I
End Term Examination

Time: 2 hours

Marks: 50

Instructions:

- It is a closed book exam
- Answer any FIVE out of SIX questions
- All the questions carry equal marks
- Legible presentation will be rewarded

Question 1 Explain the following 'terms' briefly

(5 X 2 = 10)

- Cost concept
- Trend Analysis
- Amortization
- Business entity concept
- Trial Balance

Question 2 Answer the following TWO questions

- Given the following account balances at year end 2010, prepare Balance Sheet to determine the Capital at the end of the period

✓ A Cash	8000
✓ A Accounts Receivable	4000
✓ A Machinery	6000
✓ L Accounts Payable	2000
✓ L Tax Payable	5000

- Present detailed format of vertical form of Balance Sheet from user's perspective

Question 3 Answer the following question

The following are the account balances for Hari Haran Consultancy as of December 31, 2010;

Invested in ITC stock	9000;	Motor Car	22000
✓ Cash	10000	✓ Accounts payable	2000
Accounts Receivables	6000	✓ Trademark	4000
✓ Capital	20000	✓ Taxes payable	1000
Retained Earnings (as on Jan.1, 2010)	7000	Professional fee received	30000
Loan	10000	Telephone expenses	8000
Advertising exp	11000		

Prepare (a) Profit and Loss Account and (b) Balance Sheet

Question 4 Answer the following question

For the year ended Dec. 31, 2010, the net income of the Motion Pictures was Rs120000. Depreciation on Fixed assets for the year was Rs50000. The balances of the current assets and current liabilities accounts are as follows

	<u>2009</u>	<u>2010</u>
Cash	114000	130000
Short-term investments	-0-	18000
Accounts Receivables	180000	200000
Inventories	310000	290000
Prepaid expenses	19000	15000
Accounts payable	118000	102000

As per the Accounting Standard 3 – Cash flow statement, compute the amount to be reported for cash flows from operating activities for 2010

Question 5 Answer the following question

M/s Alwar & Co's balance sheet at December 31, 2010, shows the following

Current Assets

Cash	4000
Marketable securities	8000
Accounts Receivable	100000
Inventories	120000
Prepaid expenses	1000
Total Current Assets	<u>233000</u>

Current Liabilities

Salaries Payables	5000
Accounts Payables	150000
Accrued expenses	20000
Tax payable	1000
Total Current Liabilities	<u>176000</u>

- Determine (a) Working Capital
(b) Current Ratio and
(c) Quick ratio and interpret all the results

Question 6 Answer the following question

M/s Wonder World Corp. share capital account for 2010 and 2009 showed Rs45000 of common stock at Rs10 face value. Additional data are

	<u>2010</u>	<u>2009</u>
PAT	9585	12015
Dividends	2250	3600
Market price per share	20	22

- Calculate and comment
- (a) Earnings Per Share (EPS)
 - (b) Dividends Per Share (DPS)
 - (c) Price Earning multiple
 - (d) Dividend Yield
 - (e) Dividend Payout ratio

* * *Wish you all the best* * *