XLRI Xavier School of Management For the greater good	**Management Accounting Course for PGCHRM Batch 25**
End Term Examination	

Weightage	**35%**	**Duration**	**60 minutes**

Name ________________________ **Roll No**. ____________________

INSTRUCTIONS

1. **It is Closed Book Examination**
2. **Answer all questions.**
3. **Students cannot use laptop.**
4. **Students cannot bring their mobiles inside exam room.**

You are not allowed to borrow book, paper, calculators, etc.

Anyone who resorts to unfair practices, as judged by the examiner, the minimum penalty will be zero in this segment of evaluation, while the maximum penalty could be expulsion from the institute. There will be no further warnings.

[Each Correct Answer: + 1 and Each Wrong Answer: – 0.33 mark]

1. Unsold inventory should be still valued at cost, according to which concept?

   a. Conservatism
   b. Money Measurement
   c. Going Concern
   d. Consistency

2. Ms. Sharma provided the following information about her firm's balance sheet:

Cash	Rs1,000
Accounts receivable	Rs5,000
Shareholders' Equity	Rs7,000
Accounts payable	Rs2,000
Project Loans	Rs10,000

From the information provided above, what are the firm's external liability?

a. Rs2,000
b. Rs9,000
c. Rs12,000
d. Rs17,000

3. Can a balance sheet have an item titled "goods-in-transit"? If yes, it would be of which part?

a. Yes. It will come under Receivables.
b. No. It will always come under Contingent Liabilities.
c. Yes. It will come under Inventories.
d. No. It will always be part of Profit & Loss Statement.

4. Rs 2000 is invested at annual rate of interest of 10% what is the amount after 2 years if compounding is done monthly:

a. Rs2440.48
b. Rs2440.58
c. Rs2440.68
d. Rs2440.98

5. If the interest is 10% payable quarterly find the effective rate of interest

   a. 10.18%
   b. 10.28%
   c. 10.38%
   d. None of the above

6. A firm has

Cash	Rs.15
Accounts payable	Rs.18
Inventory	Rs.102
Net Fixed Assets	Rs.147
Accounts receivable	Rs.31
Stockholders' equity	Rs.87

The current assets equal _____ and the long-term debt is______:

   a. Rs.148; Rs187
   b. Rs.148; Rs190
   c. Rs.148; Rs208
   d. Rs.295; Rs190

7. Purchase of a Tractor of Rs400,000 using a Bank loan would reflect:

   a. An increase in assets followed by an increase in liabilities.
   b. An increase in assets followed by decrease in liabilities.
   c. Decrease in assets followed by an increase in liabilities.
   d. Decrease in assets followed by decrease in liabilities.

8. Contingent Liability appears in which part of the Balance Sheet?

   a. Long-term Liability.
   b. Short-term Liability.
   c. Long-term Assets.
   d. Notes to a Balance Sheet.

9. Under which depreciation method, the depreciation amount will be less than that in the previous year?

   a. Straight-line method.
   b. Written-Down Value method.
   c. Time Value of Money method.
   d. Ratio Analysis method.

10. Current assets are liquid assets and will be converted to cash within one year or one operating cycle. State whether the statement is true or false:

    a. True.
    b. False.

11. What does Owners' Equity comprise of?

    a. Contributed Capital + Retained Earnings.
    b. Contributed Capital + Liabilities.
    c. Revenue – Expenditure.
    d. Long-term Liabilities + Current Liabilities.

12. ________ratios are designed to determine a firm's long-run ability to meet its obligations.

    a. Liquidity.
    b. Asset turnover.
    c. Profitability.
    d. Financial leverage.

13. The gradual and systematic writing off of an intangible long-term asset or an account over an appropriate period is known as:

    a. Depreciation.
    b. Depletion.
    c. Amortization.
    d. Can't say.

14. Which of the following is also known as Net Income?

a) Profit before depreciation and tax.

b) Sales revenue less cost of sales and expenses.

c) The cash in the bank account.

d) Total Revenue less expenses.

15. All else constant, the present value ______ when the discount rate increases.

    a. Increases.
    b. Decreases.
    c. Remains constant.
    d. Can either increase or decrease.

16. Spiderman Limited made an investment in its subsidiary Makdiwala-Babu Limited. This would be shown as part of _____________ in the Statement of Cash Flow:

   a. Operating activities.
   b. Investing activities.
   c. Financial activities.
   d. None of the above.

17. Formula of Quick Ratio is:

   a. (Current Assets – Capital Work in Progress) / Current Liabilities
   b. (Current Assets – Current Liabilities) / Inventory
   c. (Current Assets – Inventory) / Current Liabilities
   d. (Current Assets – Current Liabilities) / Cash

18. The term ‘cash’ as used in Cash Flow Statement includes:

   a. Only cash balances.
   b. Only bank balances.
   c. Bank balances and bank overdrafts.
   d. Cash in hand plus bank balances less bank overdraft.

19. Rancho Brokerages Limited, a stock broking firm received Rs75 lakhs as premium for forward contracts entered for dealing in equity shares. This amount would be classified as:

   a. Operating activities.
   b. Investing activities.
   c. Financial activities.
   d. None of the above.

20. Cash flow statement helps in assessing the capacity of a business entity to meet its long-term obligations. State whether true or false:

    a. True.
    b. False.

21. ___________ is a stream of constant cash flows that lasts for a fixed number of periods.

    a. Growing perpetuity.
    b. Annuity.
    c. Perpetuity.
    d. Perpetual Annuity.

22. In the one-period case, the formula for FV can be written as:

    a. Future Value = (Present Value × Interest Rate) + Interest Rate
    b. Future Value = Present Value - (1 + Interest Rate)
    c. Future Value = Present Value /(1 + Interest Rate)
    d. Future Value = Present Value × (1 + Interest Rate)

23. Generally, the financial deficit is covered by __________and __________new equity, the sources of external financing.

    a. borrowing; issuing
    b. buying; selling
    c. borrowing; buying
    d. borrowing; holding

24. Factor/factors influencing market value or shareholder(s) value:

a. Profitability & Risk.
b. Growth.
c. Capital Market Conditions.
d. All of the above.

25. The formula of ‘market-to-book ratio’ is:

a. market value per share / book value per share
b. market ratio/ book ratio
c. market price per share/ book value per share
d. market value per share/ book shares outstanding

26.________is the discount rate that sets Net Present Value to zero.

a. Internal Rate of Return.
b. Annualized Rate of Return.
c. Present Value.
d. Annualized Present Rate.

27. The value of a pure discount bond will ________ when the market rate of interest increases, all else constant.

a. Be unaffected.
b. Decrease.
c. Either be unaffected or increase, depending on the time to maturity.
d. Either be unaffected or decrease, depending on the time to maturity.

28.____________ is used for security in tangible property.

a. Mortgage.
b. Net Worth.
c. Advances.
d. Fixed assets.

29. Shareholders' equity is best defined as:

a. The total market value of a firm's assets.
b. The summation of the net profits retained by a firm from its inception.
c. A residual claim on the value of a firm's assets after the firm's debts have been paid.
d. The distribution of a firm's profits to its shareholders.

30. In 3 years you are to receive Rs5,000. If the interest rate were to suddenly increase, the present value of that future amount to you would

a. Fall.
b. Rise.
c. Remain unchanged.
d. Randomly variable.

31. Current ratio is 4:1. Net Working Capital is Rs.30,000. Find the amount of current assets.

a. Rs.4,000
b. Rs.14,000
c. Rs.24,000
d. Rs.40,000

32. Debt Equity Ratio is 3:1, the amount of total assets Rs20 lakhs, current ratio is 1.5:1 and owned funds Rs.3 lac. What is the amount of current asset?

a. Rs.5 lakhs
b. Rs.3 lakhs
c. Rs.12 lakhs
d. Rs.15 lakhs

33. The name associated with the amount removed from a future value when discounting it to the present value is

a. Time period.
b. Interest.
c. Annuity.
d. None of the above.

34. The decrease in the economic utility of a tangible fixed asset (say, due to wearing out or using up) is best known as:

a. Devaluation
b. Depreciation
c. Amortization
d. All of the above

35. The process of planning expenditures that will influence the operation of a firm over a number of years is called:

a. Investment
b. Capital structuring
c. Capital budgeting
d. Net present valuation

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