

MS-04

Management Programme

ASSIGNMENT FIRST SEMESTER 2008

MS-04: ACCOUNTING AND FINANCE FOR MANAGERS



**School of Management Studies
Indira Gandhi National Open University
Maidan Garhi, New Delhi – 110 068**

Dear Students,

The University has decided to have only one assignment per course w.e.f. January 2007 session onwards for Students of MBA and MBA (Banking and Finance), Please attempt the assignment questions given in this leaflet/booklet and submit it to the coordinator of the study center, you are attached with, on or before 30th April, 2008.

MS-04: ACCOUNTING AND FINANCE FOR MANAGERS

ASSIGNMENT

Course Code	:	MS-04
Course Title	:	Accounting and Finance for Managers
Assignment Code	:	MS-04/SEM-I/2008
Coverage	:	All Blocks

Note: Please attempt all the questions and send them to the Coordinator of the Study Centre you are attached with.

1. Describe the accounting information system that is being followed by your organization. Also point out the flaws in the prevailing system, if any, and give suggestions to overcome the same.
2. You are required to prepare Funds Flow Statement and Cash Flow Statement for the year ending March 31 2007, based on the information given below.

Balance Sheet (As on March 31)

Liabilities	2006	2007	Assets	2006	2007
Trade Creditors	100	40	Cash at Bank	100	65
Bills Payable	50	60	Accounts Receivable	105	120
Outstanding Expenses	25	20	Bills Receivable	130	140
Bonds Payable	220	140	Inventory	110	40
Accumulated depreciation			Machinery	120	160
-on Machinery	30	35	Building	300	310
-on Building	75	85	Land	60	130
Reserves	100	115	Patents	55	60
Retained Earnings	130	170			
Share capital	250	360			
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	980	1,025		980	1,025
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Profit from operations after providing Rs.10,000 as depreciation on building and Rs.10,000 on machinery and Rs.5,000 as amortization on Patents for the year 'April 06 - March 07' was Rs.35,000. Other revenues for the year were Rs.40,000. An old machine with original cost of Rs.15,000 was sold at a loss of Rs.5,000.

3. Arazon Ltd. Operates a standard costing system. Following information is supplied by the company.

	Rs.
Actual Materials Consumed (3,600 units @ Rs.52.50 each)	1,89,000
Direct Wages	22,000
Fixed Expenses	1,88,000
Variable Expenses	62,000

Output during the period was 3,500 units of finished goods.

For the above period, the standard production capacity was 4,800 units and the break-up of standard cost per unit was as follows:

	Rs.
Material Cost (one unit @ Rs.50 each)	50
Direct wages	6
Fixed Expenses	40
Variable Expenses	<u>20</u>
Total	<u>116</u>

The standard wages per unit is based on 9,600 hours for the above period at a Rate of Rs.3 per hour. 6,400 hours were actually worked during the above period and in addition, wages for 400 hours were paid to compensate for idle time due to breakdown of a machine and overall wages rate was Rs.3.25 per hour.

You are required to calculate the following variances:

- | | |
|--------------------------------------|--|
| a) Direct material cost variances | b) Material price variance |
| c) Material usage variance | d) Direct labour cost variance |
| e) Labour rate variance | f) Labour efficiency variance |
| g) Variable expenses variance | h) Fixed expenses expenditure variance |
| i) Fixed expenditure volume variance | j) Fixed expenses efficiency variance |

4. How do you envisage your role as a Finance Manager in matters related to dividend policy. What are the alternatives and factors that you may consider before finalizing your views on dividend policy?
5. Choose any organization of your choice and find out the investment appraisal methods that the organization follows. Write a detail note on your visit?