ANDHRA UNIVERSITY
SCHOOL OF DISTANCE EDUCATION
MASTER OF BUSINESS ADMINISTRATION (Old Regulations)
I YEAR ASSIGNMENT QUESTION PAPER 2010-11

104 - ACCOUNTING FOR MANAGEMENT

Assignment No.1

Answer all Questions: 5 x 5 = 25 Marks

1. Distinguish among Financial Accounting, Cost Accounting and Management Accounting.

2. Examine the accounting treatment for Bad Debts, Bad and Doubtful Debts.

3. How do you account for the issue and conversion of Debentures ?

4. Discuss the legal requirements relating to Auditing.

5. Auto Parts Ltd. has an annual production of 90,000 units for a motor components. The component's cost structure is as below:

	Rs.
Materials	270 per unit
Labour (25% fixed)	180 per unit
Expenses :	
Variable	90 per unit
Fixed	135 per unit
Total:	675 per unit

a) The Purchase Manager has an offer from a supplier, who is willing to supply the components at Rs.541. Should the component be purchased and production stopped ?

b) Assume the resources now used for this components manufacture are to be used to produce another new product for which the selling price is Rs.485. In the later case material price will be Rs.200 per unit. 90,000 units of this product can be produced at the same cost basis as above for labour and expenses.

Discuss whether it would be advisable to divert the resources to manufacture that new product.

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Assignment No.2

Answer all Questions: 5 x 5 = 25 Marks

1. Discuss the role of Management Accountant in a Modern organization.

2. Illustrate the construction of Profit and Loss Account and Profit and Loss Appropriation Account with hypothetical data.

3. Illustrate the Accounting procedure involved in the issue of equity share capital at premium.

4. How do you relate financial accounts under current purchasing power method?

5. Nubo Manufacturing Company is presently operating at 50% of practical capacity producing about 50000 units annual of a patented electronic component. Nubo recently received an offer from overseas market to sell 30000 components at Rs.6 per unit FOB Nubo's plant. Nubo has not previously sold components in this market. Budgeted production costs for 50000 and 80000 units of output follow:

Units (Number)		50000	80000
Cost (Rs.)	Direct Material	75000	120000
	Direct Labour	75000	120000
	Factory Overhead	200000	260000
		350000	500000
Cost per unit	Rs	7	6.25

The sales manager thinks the order should be accepted, even if it results in loss of Rs. 1 per unit, because he feels the sales may build up future markets. The production manager does not wish to have the order accepted primarily because the order would show a loss of Re. 25 per unit when computed on the new average unit.

a) Explain what apparently caused the drop in cost form Rs. 7.00 per unit of Rs. 6.25 per unit when budgeted production increased from 5000 to 80000 units. Show supporting computations

b) Should the order be accepted?