

**Management Programme**

**ASSIGNMENT**  
**For**  
**January 2023 and July 2023 Sessions**

**MS-04: Accounting and Finance for Managers**

**(Last date of submission for January 2023 session is 30<sup>th</sup> April, 2023  
and for July 2023 sessions is 31<sup>st</sup> October, 2023)**



**School of Management Studies**  
**INDIRA GANDHI NATIONAL OPEN UNIVERSITY**  
**MAIDAN GARHI, NEW DELHI – 110 068**

## ASSIGNMENT

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<b>Course Code</b>	<b>:</b>	<b>MS - 04</b>
<b>Course Title</b>	<b>:</b>	<b>Accounting and Finance for Managers</b>
<b>Assignment Code</b>	<b>:</b>	<b>MS-04/TMA/JAN/2023</b>
<b>Coverage</b>	<b>:</b>	<b>All Blocks</b>

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**Note: Attempt all the questions and submit this assignment to the coordinator of your study centre. Last date of submission for January 2023 session is 30<sup>th</sup> April, 2023 and for July 2023 session is 31<sup>st</sup> October, 2023.**

1. Explain the following Accounting concepts
  - a) Business entity concept
  - b) Accrual concept
  - c) Money measurement concept
  - d) Periodicity concept
2. Compute cash generated from Operations during the year 2021-22, from the following data:

Particulars	April 1, 2021	March 31, 2022
Sundry debtors	R. 30,000	R. 40,000
Sundry creditors	48,000	30,000
Outstanding expenses	3,000	6,000
Outstanding income	1,000	1,000
Stock in trade	55,000	60,000
Prepaid expenses	3,000	2,000
Accumulated depreciation (no retirements during the year)	50,000	60,000
Provision for doubtful accounts	1,500	2,000
Dividends payable	--	3,000
Bills receivable	10,000	12,000
Bills payable	8,000	6,000
Net income before taxes (as per profit and loss account)	--	80,000

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3. The Colour Flow Ltd's income statement for the preceding year is presented below. Except as noted, the cost/revenue relationship for the coming year is expected to follow the same pattern as in the preceding year. Income statement for the year ending March 31 is as follows:

Sales (20,000 bottles @ R. 25 each)		R5,00,000
Variable costs	R3,00,000	
Fixed costs	<u>1,00,000</u>	<u>4,00,000</u>
Pre-tax profit		1,00,000
Less: Taxes (0.35)		<u>35,000</u>
Profit after tax		65,000

1. What is the break-even point in amount and units?
  2. Suppose that a plant expansion will add R 50,000 to fixed costs and increase capacity by 60 per cent. How many bottles would have to be sold after the addition to break-even?
  3. At what level of sales will be company be able to maintain its present pre-tax profit position even after expansion?
  4. The company's management feels that is should earn at least R 10,000 (pre-tax per annum) on the new investment. What sales volume is required to enable the company to maintain existing profits and earn the minimum required return on new investments?
  5. Suppose the plant operates at full capacity after the expansion, what profit after tax will be earned?
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4. What are the various types of investment proposals? Explain the various discounted cash flow techniques used to evaluate investment proposals.
  5. What is 'Capital Structure'? Explain the features of an appropriate capital structure and discuss factors determining capital structure of a firm.