



ALLAMA IQBAL OPEN UNIVERSITY
Semester Terminal Exam Autumn 2020

Program /level:	BS/Graduation	Maximum Marks	100
Title /Course Code	Managerial Accounting (8508)	Pass marks	50

Instructions for Exams:

1. Attempt All Questions.
2. Write answers in your own words and avoid copying from an internet source or any book.
3. Be precise, avoid unnecessary details, answer to each question must be between 600-800 words.
4. Students are advised to upload their answer sheets/solutions on LMS portal as soon as they complete their answers and not to wait for 8:30 PM.
5. Submissions after due date & time will not be entertained. Attach undertaking with each course code which were allowed to attempt in Urdu.
6. If plagiarism found, Student may be declared fail.

Q. No.	Questions	Marks
1	<p>Obtain a copy of a recent annual report of a publicly held manufacturing organization in which you have a particular interest. (You may access the recent annual report of any manufacturing organization listed at Pakistan Stock Exchange (PSX) from the given link https://financials.psx.com.pk/#.) Assume that you have just been appointed to a middle management position in a division of the organization you have chosen. You are interested in obtaining information that will help you better manage the activities of your division, and you have decided to study the contents of the annual report in an attempt to learn as much as possible.</p> <p>You particularly want to know about the following: (1) size of inventory maintained; (2) ability to earn income; (3) reliance on debt financing; (4) types, volume, and prices of products or services sold; (5) type of production process used; (6) management's long-range strategies; (7) success (profitability) of the division's various product lines; (8) efficiency of operations; and (9) operating details of your division.</p> <p>1. Write a brief description of the organization and its products or services and activities. 2. Based on a review of the financial statements and the accompanying disclosure notes, prepare a written summary of information pertaining to items 1 through 9 above.</p>	33
2	<p>A group of doctors operates a joint surgery. They are planning to provide a private clinic where minor surgery can be performed on a day basis (no overnight facilities will be offered). The project will require investment in a new building and operating theatre. Three theatre nurses will be required, and three healthcare assistants will be employed. Admissions will be dealt with by the existing medical secretaries. The fees charged will cover costs plus a profit percentage based on cost.</p> <p>(a) Identify the judgements and decisions to be made here. (b) Explain how management accounting may help in directing attention, keeping the score or solving problems.</p>	33

3	<p>Timbuk2 is a San Francisco company that makes a variety of messenger, cyclist, laptop bags and face masks. The company's Web site (Timbuk2.com) allows customers to design their own size, color, and fabric bags and face masks with specific features and accessories; then the company sews the bags and face masks to the customers' specifications.</p> <ol style="list-style-type: none">a. Visit the company's Web site and custom-design a bag. Compare the quoted price with a bag of similar quality and features at a local store. Explain whether you think the Timbuk2 bag is a good value.b. Why would Timbuk2 be able to produce custom-made messenger bags for almost the same cost as mass-produced ones?c. Would you expect the quality of the custom-produced messenger bags to be higher or lower than the mass-produced ones? Discuss the rationale for your answer.d. Why would the custom-made messenger bags show a high profit margin?	34
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