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QUESTION BANK

MBA SEM I
SUBJECT CODE - 576116(76)
SUBJECT NAME - ACCOUNTING FOR MANAGERS (New)

1. Elaborate the traditional and modern classification of accounts with examples

2. The following is the record of receipts and issues of a certain material in a factory during a month. March 2015 1 Opening stock 5000 units@ ₹ 10 per unit 5 Issued 3000 units 7 Received 6000 units@ ₹ 10.2 per unit 15 Issue 2500 units (stock verification reveals loss of 100units) 16 Received back from orders 1000 units (previously issued at₹ 9.15 per unit) 17 Issued 4000 UNITS 25 Received 2200 units @ ₹ 10.30 per unit 27 Issued 3800 units At what price will you issue the materials according to FIFO and LIFO methods using perpetual inventory system?

3. During the month 8000 units were introduced in process X, the cost per unit being ₹ 25.Labour and production overheads are ₹ 39000 and ₹ 78000, respectively. Opening stock of work in progress in the process was 2000 units. The costs were: Materials ₹ 15000 (100% complete) Labour ₹ 1500 (60% complete) Overheads ₹ 3000(60% complete) At the end of the period there were 2000 units in process. Stage of completion was estimated as 100% for material and 50% for both labour and overhead costs. Assuming FIFO method, you are required to prepare: i) Statement of equivalent production ii) Statement of cost per unit iii) Statement of evaluation, and Process X account

4. Management accounting is concerned with accounting information which is useful to management". Comment

5. Materials X and Y are used as follows: Minimum usage – 50 units each per week Maximum usage – 150 units each per week Normal usage – 100 units each per week Ordering quantities X = 600 units Y = 1,000 units Delivery period X = 4 – 6 weeks Y = 2 – 4 weeks Calculate for each material (i) Maximum level (ii) Minimum level and (iii) Ordering level.
6. A company manufacturers 5,000 units of a product per month. The cost of placing an order is `100. The purchase price of the raw material is ` 10 per kg. The re-order period is 4 to 8 weeks. The consumption of raw materials varies from 100 kg. to 450 kg. per week. The average weekly consumption being 275 kg. The carrying cost of inventory is 20% per annum. Assuming 52 weeks in a year, you are required to calculate — (i) Re-order quantity; (ii) Maximum level; (iii) Minimum level; and (iv) Average level.

7. The following balances were extracted from the books of a building contract on 31st March, 2014 regarding Contract No. 123:
   - ` Materials issued to site 6,27,200
   - Wages Paid 7,34,550
   - Wages outstanding on 31.3.2014 7,200
   - Plant issued to site 60,000
   - Direct charges paid 25,150
   - Direct charges outstanding on 31.3.2014 2,100
   - Establishment charges 56,500
   - Stock of materials at site on 31.3.2014 12,000
   - Value of work certified on 31.3.2014 16,50,000 Cost of work not yet certified 35,000
   - Cash received on account of architect's certificate after deduction by customer of 5 percent retention money 14,10,750
   - The work was commenced on April 1, 2013 and the contract price agreed at `24,50,000.
   - Prepare contract account for the year providing for depreciation of plant of 25 per cent. Calculate the Profit or Loss in the contract to date and make such provision in the contract account as you consider desirable. Set out also contractor's balance sheet so far as it relates to the contract.

8. KLM industries furnishes following information for the level of output of 1,000 units for the year 2010. [10] Selling Price Per Unit = Rs. 100/- Variable Cost Per Unit = Rs. 40/- Total Fixed Cost = Rs. 30,000/- Find : a) P/V Ratio b) BEP in units c) BEP in sales d) The amount of sales required to earn profit of Rs. 42,000/- (assuming fixed cost in total remains same.)

9. A company manufactures a product from a raw material, which is purchased at ` 54 per kg. The company incurs a handling cost of ` 350 plus freight of ` 400 per order. The incremental carrying cost of inventory of raw material is Re. 0.50 per kg per month. In addition, the cost of working capital finance on the investment in inventory of raw material is `8 per kg per annum. The annual production of the product is 94,500 units and 2 units are obtained from one kg of raw material. Required: (i) Calculate the economic order quantity of raw materials. (ii) Advise, how frequently should orders for procurement be placed. (iii) If the company proposes to rationalize placement of orders on quarterly basis, what percentage of discount in the price of raw materials should be negotiated?

10. The financial books of a company reveal the following data for the year ended 31st March, 2010: Opening Stock : ` Finished goods 875 units 74,375 Work-in-process 32,000 1.4.09 to 31.3.2010 Raw materials consumed 7,80,000 Direct Labour 4,50,000 Factory overheads

3,00,000 Goodwill 1,00,000 Administration overheads 2,95,000 Dividend paid 85,000 Bad Debts 12,000 Selling and Distribution Overheads 61,000 Interest received 45,000 Rent received 18,000 Sales 14,500 units 20,80,000 Closing Stock: Finished goods 375 units 41,250 Work-in-process 38,667 The cost records provide as under: - Factory overheads are absorbed at 60% of direct wages. - Administration overheads are recovered at 20% of factory cost. - Selling and distribution overheads are charged at ` 4 per unit sold. - Opening Stock of finished goods is valued at ` 104 per unit. - The company values work-in-process at factory cost for both Financial and Cost Profit Reporting. Required : (i) Prepare statements for the year ended 31st March, 2010 show - the profit as per financial records - the profit as per costing records. (ii) Present a statement reconciling the profit as per costing records with the profit as per Financial Records

11. Pepsi Company produces a single article. Following cost data is given about its product:

Selling price per unit	Rs.40
Marginal cost per unit	Rs.24
Fixed cost per annum	Rs. 16000

Calculate: (a)P/V ratio (b) break even sales (c) sales to earn a profit of Rs. 2,000 (d) Profit at sales of Rs. 60,000 (e) New break even sales, if price is reduced by 10%.

12. Explain Break Even Analysis with proper diagram and description of cost involved

13. A manufacturing concern, which has adopted standard costing, furnished the following information:

Standard Material for 70 kg finished product: 100 kg. Price of materials: Re. 1 per kg. Actual Output: 2,10,000 kg. Material used: 2,80,000 kg. Cost of material: Rs. 2,52,000. Calculate: (a) Material Usage Variance (b) Material Price Variance (c) Material Cost Variance