Quiz 2 | Defence Program | Accounting

Attempt all questions

1. Mr. Ajeet, a newly qualified cost accountant is of the opinion that the overall profitability of an organization can be computed only by cost accounting methods and, therefore, it is better than the financial accounting. Do you agree? Support your view.

2. The following information relating to M/s XYZ is provided:

Raw material Purchased	20,000	Opening Stock		
Direct labour charges	15,000		Raw Material	10,000
Administration overheads	10,000		Work in Progress	5,000
Factory Overhead	7,500	Closing Stock		
Sales & Distribution Exp.	5,000		Raw Material	7,500
Sales	92,000		Work in Progress	2,500

   Prepare a cost sheet

3. Explain the difference between job costing and process costing.

4. The annual sales of M/s Aman limited for the year ending 31st March 2011 is Rs. 2,00,000. The variable cost for the year was 60% of the sales. Fixed cost for the corresponding period was Rs. 60,000. Using C V P analysis, what is the P/V ratio of the firm?
   How much sale is required to attain the Break-even point?

5. A telephone company, which had no costing system, appointed Mr. Kumar as a costing advisor. After installing a system of collection of cost data, Mr. Kumar observed that out of the three mobile telecommunication products which are offered (and produced) independent of each other, loss is being incurred in Internet Product B. Mr. Kumar immediately decides to advise management to discontinue manufacture of this product supported by the following tabulation:

Product Details	**Internet Product A**	**Internet Product B**	**Internet Product C**
Sales	100000	65000	490000
Variable Manufacturing Cost	52000	26000	140000
Fixed Manufacturing Overhead (apportioned)	6500	19000	105000
Variable Selling and Distribution Cost	18000	17000	18000
Fixed Selling and Distribution Cost	4600	4600	4000
Total Cost	81000	66600	267000
Net Profit	+ 18900	- 1600	+ 223000

   Note: All figures in Rupees

   Do you agree with Mr. Kumar's conclusion? Argue with your views on the basis of data.