Assignment 9

Due on 2019-10-02, 23:49 IST.

Week 7

The data is as follows. If the assumption holds, the assignment has passed. As per no records you have submitted this assignment.

1) The following information is available from the records of a company:
   - Standard wages:
     - Budgeted: 1100 wages @ 80 per hour
     - Actual: 800 wages @ 85 per hour
   - Unrecovered: 900 wages @ 60 per hour
   - The wages are paid @ 70 per hour
   - Budgeted hours: 1300
   - Actual hours: 1000
   - The labor variances in this case come up to be:
     - $1,020 (Favorable)
     - $1,100 (Favorable)
     - $1,600 (Favorable)
   - No, the answer is incorrect.
   - Answer: $1,020 (Favorable)

2) The relationship between per unit cost, with respect to fixed and variable overheads is:
   - Linear
   - Direct
   - Inverse
   - None of the above
   - No, the answer is incorrect.
   - Accepted: $1,020 (Favorable)

3) The following information is available about production of Product X of ABC Ltd.:
   - During the actual month, a total amount of fixed overhead was assigned. $1,250,000 was the actual amount of fixed overhead incurred for the period. The standard rate of production was 200 units per working day. Only 200 units were actually worked during the month. The fixed overhead variance, in this case, amounts to:
     - $20,000 (Favorable)
     - $20,000 (Unfavorable)
     - $5,000 (Favorable)
     - $5,000 (Unfavorable)
   - No, the answer is incorrect.
   - Accepted Answers: $20,000 (Favorable)

4) For a particular production department, the desired variable overhead has been budgeted as below:
   - Budgeted Variable overhead for the period: $1,000
   - Budgeted Production for the period: 300 units
   - The variable overhead variance is calculated for:
     - $1,000 (Favorable)
     - $10,000 (Favorable)
     - $5,000 (Favorable)
     - $10,000 (Unfavorable)
   - No, the answer is incorrect.
   - Accepted Answers: $1,000 (Favorable)

5) Contribution can be represented as:
   - Contribution = Sales − Marginal Cost
   - Contribution = Fixed Cost − Profit
   - Contribution = Sales − Variable Cost
   - Contribution = Sales − Break-even Sales
   - No, the answer is incorrect.
   - Accepted Answers: Contribution = Sales − Variable Cost

6) Under which of the following, additional requirement of the component should be met by making rather than buying?
   - When marginal cost is less than buying price
   - When marginal cost is more than buying price
   - When marginal cost is equal to buying price
   - None of these
   - No, the answer is incorrect.
   - Accepted Answers: When marginal cost is less than buying price

7) Write applying the method of marginal costing, calculate the profit if production is 1,000,000 units, fixed cost is $20,000,000, selling price is $1.70 per unit and variable cost is $0.20 per unit.
   - $8,000,000
   - $20,000,000
   - $10,000,000
   - None of these
   - No, the answer is incorrect.
   - Accepted Answers: Profit $8,000,000

8) Fixed Cost per unit decreases while:
   - Production volume increases
   - Variable cost per unit increases
   - Variable cost per unit decreases
   - Production volume decreases
   - No, the answer is incorrect.
   - Accepted Answers: Production volume increases

9) Which of the following statements hold true?
   - Inventory levels increase, marginal costing gives the higher profit.
   - Inventory levels increase, absorption costing gives the higher profit.
   - Margin costing reduces inventory at the total production cost of a unit of product.
   - Inventory values are different at the beginning but same at the end of a period under marginal and absorption costing.
   - No, the answer is incorrect.
   - Accepted Answers: Inventory levels increase, absorption costing gives the higher profit.

10) The problems associated with marginal costing are:
    - Difficulties in estimation of costs
    - Problem of valuation of stocks
    - Inventory fluctuations
    - All of the above
    - No, the answer is incorrect.
    - Accepted Answers: All of the above.

11) No, the answer is incorrect.
    - Accepted Answers: All of the above.