

Jahangirnagar University
EMBA Program
EMBA 505 Section: C

Mid 2

Time: 60 minutes

Marks: 20

Answer all the questions:

1. “When perpetual inventory records are kept, the results under the FIFO and LIFO methods are the same as they would be in a periodic inventory system.” Do you agree? Explain. [2]
2. Why is it necessary to prepare formal financial statements if all of the data are in the statement columns of the worksheet? [2]
3. “Managerial accounting is a field of accounting that provides economic information for all interested parties.” Do you agree? Explain. [2]
4. On December 31, the adjusted trial balance of Martha Employment Agency shows the following selected data. [4]
Accounts Receivable \$24,500 Service Revenue \$92,500
Interest Expense \$ 7,700 Interest Payable \$2,200

Analysis shows that adjusting entries were made to (1) accrue \$5,000 of service revenue and (2) accrue \$2,200 interest expense.

Instructions

Prepare the closing entries for the temporary accounts shown above at December 31.

5. Miana Company had a beginning inventory on January 1 of 150 units of Product 4-18-15 at a cost of \$20 per unit. During the year, the following purchases were made:

March 15 400 units at \$23	September 4 350 units at \$26
July 20 250 units at \$24	December 2 100 units at \$29

1,000 units were sold. Miana Company uses a periodic inventory system.

[5]

Instructions:

- (i) Determine the cost of goods available for sale.
 - (ii) Determine the ending inventory, and cost of goods sold under each of the assumed cost flow methods (FIFO and average-cost)
6. Manaz Corporation incurred the following costs while manufacturing its product.

Materials used in product	\$120,000	Advertising expense	\$45,000
Depreciation on plant	60,000	Property taxes on plant	14,000
Property taxes on store	7,500	Delivery expense	21,000
Labor costs of assembly-line workers	110,000	Sales commissions	35,000
Factory supplies used	23,000	Salaries paid to sales clerks	50,000

Work in process inventory was \$12,000 at January 1 and \$15,500 at December 31. Finished goods inventory was \$60,000 at January 1 and \$45,600 at December 31.

Instructions

[5]

- a. Compute cost of goods manufactured.
- b. Compute cost of goods sold.