

# [The building of the restaurant](https://assignbuster.com/the-building-of-the-restaurant/)

Cost for the Raw material is variable and the cost of building rent is fixed because raw material cost is based on sales volumes. If the sales volumewill increase then the total cost for the raw material will be increased and vise versa. The cost of building rent is fixed because the restaurant will have to pay a certain fix amount of rent every year hence the cost will be considered as fixed cost.   
Computation of Variable cost per unit:   
Total Raw material cost = $650   
Total sales volume = 1000 units   
Variable cost per unit = $. 65 per unit.   
Computation of Fixed cost per unit:   
Total Fixed cost = $9000   
Total sales volume = 1000 units   
Fixed cost per unit = $9. 00 per unit.   
If sales volume increases then the total costs would be:   
If sales volume increases by 6000 units then:   
If sales volume increases by 8000 units then:   
Total variable cost   
3900   
5200   
Total fixed cost   
9000   
9000   
Total annual cost   
12900   
14200   
Variable cost per unit   
. 65 per unit   
. 65 per unit   
Fixed cost per unit   
$9. 00 per unit   
$9. 00 per unit   
It is clearly seen that the total variable cost is increasing if the volume of sales increases. But the fixed cost remains the same on every sales volume.   
Functions of Managerial Accounting:   
Managerial accounting (or management accounting) involves the preparation and use of accounting information designed to assist managers and in planning and controlling the operations of the business, and in decision-making. In short, managerial accounting information is designed to meet the needs of insiders, rather than decision makers outside the business entity.   
The greatest function of the managerial accounting is to provide mangers with the information that is most relevant to particular business decision.   
Ethical and legal issues: -   
The Code of Ethics recognizes that the objectives of the accountancy profession are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement.   
Assume that Barnes, CPA, is performing income tax services for Regis Company: Regis insists that Barnes prepare the company's income tax return in a manner that understates the amount of taxes owed. What should Barnes do   
Answer:   
Barnes cannot ethically comply with the client's instructions. Therefore, Barnes should resign from the engagement.   
References   
Meigs & Meigs (9th edition), " ACCOUNTING: The Basis for Business Decisions". New York: McGraw-Hill Inc   
Meigs Walter, Johnson Charles, Meigs Robert (1982), " Accounting: The Basis for Business Decision", New York: McGraw-Hill Inc