

(2½ Hours)

[Total Marks 75]

**Q.1A) State whether the statements are True or False (Rewrite the sentence) Any eight (08)**

- 1) Sales budget can be prepared only area wise
- 2) Purchase Budget can be determined only in quantity
- 3) Absorption costing and Marginal costing are same
- 4) Effect of price reduction always improves profit volume ratio
- 5) Under Marginal Costing stocks are over valued
- 6) Variable cost per unit remains constant at all level of activity
- 7) Imputed cost is also known as Notional cost
- 8) Margin of Safety determines profit of the Organization
- 9) Increase in Profit Volume ratio decreases Break Even Point
- 10) Cash Budget determines budgeted receipts and payments

**B) Match the Following Any seven (07)**

1	Key factor	A	Non cash item
2	Marginal Cost	B	Gang composition
3	Sale mix	D	In quantity
4	Budgetary Control	D	Part of Material usage variance
5	Standard Costing	E	Fixed and variable overheads
6	Flexible budget	F	Predetermined
7	Material yield variance	G	Budget Manual
8	Production budget	H	Multiple products
9	Labour mix variance	I	Prime cost + variable overheads
10	Depreciation	j	Limiting factor

**Q2) ABC Ltd Furnishes you the following income information for the Year 2018 (15)**

	First Half	Second Half
Total cost	8,00,000	14,00,000
Profit earned	2,00,000	6,00,000

From the above you asked to compute the following assuming that the fixed cost remains the same in both the periods

1. Profit /Volume Ratio
2. Fixed cost Annual
3. Sales, required to earn the profit of ₹ 7,50,000.
4. Profit required to earn, at sales of ₹ 45,00,000
5. BEP for the whole year

OR

Q2) Akash Ltd produces three Product I, J, and K From the same manufacturing facilities. The cost and other details of the three products are as follows: (15)

Particulars	I	J	K
Selling Price Per Unit (₹)	250	200	150
Variable Cost Per unit (₹)	150	150	60
Fixed Cost per month ₹ 3,00,000			
Maximum Production per month (units)	6000	10000	8000
Total Hours available for the month 400 hours			
Maximum Demand per month (units)	4000	6000	4800

The Processing hours cannot be increased beyond 400 hour per month

You are required

- Compute the most profitable product mix
- Compute the overall break even sales of the company for the month based on the mix Calculated in (a) above

Q3) Prepare a Cash Budget of Raigad Ltd. for March, April and May 2019 from the following information given below: (15)

Months	Sales(₹)	Purchases(₹)	Wages (₹)	Expenses (₹)
Jan	1,80,000	70,000	20,000	5,000
Feb	1,50,000	60,000	18,000	8,000
March	1,40,000	80,000	25,000	9,000
April	1,00,000	60,000	24,000	8,000
May	90,000	50,000	20,000	6,000
June	80,000	40,000	18,000	5,000

**Additional Information:**

- 20% of the purchases and 10 % of sales are for cash.
- The average collection period of the company is ½ month.
- Credit purchases are paid regularly after one month.
- Delay in payment of wages ¼ month.
- Sales commission of 2% of Total Sales is to be paid in the month following actual sales.
- Rent of ₹2000 included in expenses is paid monthly and other expenses are paid after one month lag.
- Cash balance on May 31<sup>st</sup>, 2019 may be assumed to be ₹ 65000.
- Dividend of ₹ 5,000 will be received in May 2019.

**OR**

Q3 Prepare a Flexible budget of Kothaligad ltd at 50% & 75% capacity with per unit and calculate profit, on the basis of the following data. (15)

Variable overheads:	At 60% capacity- (6000 units) (₹)
Direct Material	15
Labour	9
<b>Semi-variable overheads:</b>	
Electricity: (40% Fixed)	10

Repairs: ( 20% Variable)	15
<b>Fixed overheads:</b>	
Depreciation	25,000
Insurance	12,500
Salaries	30,000

Profit 25% on Sales.

Estimated direct labour hours- 72,000.

**OR**

Q.4 From the following information about sales calculate: **(15)**

- (a) Sales Value Variance      (d) Sales Mix Variance  
 (b) Sales Price Variance      (e) Sales Quantity Variance  
 (c) Sales Volume Variance

Product	Standard		Actual	
	Units	Price Per Unit ₹	Units	Price Per Unit ₹
X	50,000	6	60,000	7
Y	22,000	7	30,000	8
Z	28,000	8	30,000	8

**OR**

Q4. From the following, calculate Labour Variances: **(15)**

Types of Workers	Standard			Actual		
	No. of Workers	No. of Hours	Rate per ₹ Hour	No. of Workers	No. of Hours	Rate per ₹ Hour
Skilled	40	50	4.00	35	50	4.50
Semi Skilled	20	20	3.00	30	30	3.00
Unskilled	20	30	2.00	26	25	2.50

Budgeted and Actual outputs are same

Q.5 A) Distinguish between Absorption costing and Marginal costing **(08)**

B) Explain budgetary control along with its advantage and disadvantage **(07)**

**OR**

Q5 Write short notes (**any three**) **(15)**

- a. Zero based budgeting  
 b. Cost volume Profit relationship  
 c. Budget manual  
 d. Fixed Overhead variance  
 e. Standard cost