

Q.P.Code: 29846

Time: 2 hrs.

Marks: 60

- N.B.: 1. All questions are *Compulsory*, subject to the internal Choice and carry 15 marks each.
 2. Workings to form part of the solutions and necessary assumptions to be made and stated clearly.
 3. Use of simple calculator is permitted.

Q1. Following is the Balance sheet of M/s. Mrutyunjay Products as on 31.12.2015:

Liabilities	Rs.	Assets	Rs.
Capital	1,12,000	Fixed Assets	25,000
Creditors	18,000	Stock	54,000
		Debtors	28,000
		Cash	23,000
	1,30,000		1,30,000

Other relevant data is as follows:

i. Sales estimates are:

2016	Sales (Rs.)	2016	Sales (Rs.)	2016	Sales (Rs.)
January	60,000	March	78,000	May	72,000
February	60,000	April	84,000		

- ii. 25% of the Sales are on Cash basis and Credit Sales are collected in the month following their occurrence;
 iii. Cost of sales is 60% of Sales;
 iv. Inventory equivalent to 1.25 times of next month's budgeted Sales is kept in stock at the end of each month;
 v. Creditors are paid in the month following the purchases;
 vi. Ignore interest on any Overdraft or other financial help taken.

Prepare Mrutyunjay Product's Cash budget for January, 2016 to March, 2016 on the basis of the aforesaid information.

OR

Q1. The expenses budgeted for production of 10,000 units in a factory are furnished below:

	Total (Rs.)
Materials	6,00,000
Labour	3,00,000
Variable overheads	2,00,000
Fixed overheads	1,00,000
Variable overheads (Direct)	50,000
Selling Expenses (10% Fixed)	1,50,000
Distribution expenses (20% Fixed)	1,00,000
Administrative expenses	50,000
Total cost per unit	15,50,000

Prepare a budget for production of 7,500 units.

Q2. The price structure of one motor-bike manufactured by Heroic Co. is as follows:

Particulars	Rs. (per bike)
Materials	12,000
Labour	5,000
Variable overheads	3,000
Fixed overheads	10,000
Profit	10,000
Selling price	40,000

The above data is based on the production level of 1,000 motor-bikes.

The enterprise expects that they will have to reduce selling price in order to stand up to competition. However, they want the total profit to remain intact.

Calculate the no. of motor-bikes it would have to manufacture to keep total profit intact if:

- The selling price is reduced by 10%.
- The selling price is reduced by 20%.

OR

Q2. Hercules Ltd. manufactures 10,000 pens annually at a cost of Rs. 40 per pen and sells it domestically @ Rs. 50 each.

The break-up of the said cost is as follows:

Particulars	Rs. (Total)
Materials	1,75,000
Labour	1,00,000
Variable overheads	45,000
Fixed overheads	80,000
	4,00,000

For the year following, it expects to keep up the same sale quantum only if the selling price is reduced to Rs. 37.50. A special offer from an overseas market demands 20,000 pens at a selling price of Rs. 35/- . To manufacture additional 10,000 pens above the present level, the Co.'s Fixed overheads will increase by 10%.

Advise the Company whether it should accept the foreign offer or not, with supporting calculations and assumptions.

Q3. Elegant Tourists have been running a bus on a specific route covering a 'total' distance of 40 kms. The bus had been purchased at a cost of Rs. 40,00,000.

The annual charges for the mini-bus are insurance Rs. 15,000, road-tax Rs. 5,000 and garage rent Rs. 12,000. Cost of repairs and maintenance is estimated at Rs. 18,000 p.a. while replacement of tyres and tubes will cost Rs. 2,500 p.m. Office expenses are estimated at Rs. 2,000 p.m. whereas a small part of the Office would be let out for the year fetching rent of Rs. 4,000. Petrol and Oil will cost Rs. 10 per kilometre.

Two drivers and two conductors are engaged at a monthly salary of Rs. 25,000 and Rs. 20,000 each respectively. In addition to this, drivers and conductors are entitled to 5% of the sale of tickets.

The effective life of the vehicle is spread over 80,000 kms., at the end of which the vehicle will have no scrap value. The bus is 50 seater and is expected to run 2 two-way trips during the day for 25 days in a month, carrying its full load.

You are required to work out fare per passenger km. for earning 20% profit on net fare, Interest on loan @ Rs. 10,000 p.a. is also to be included as cost.

OR

Q3. Following details are given for Product X:

Material	Standard (for 1 unit produced)		Actual (for 10 units produced)	
	Qty. (kgs.)	Price (per kg.)	Qty(kgs.)	Price (per kg.)
A	50	12	600	15
B	50	20	700	19
C	100	25	920	28

Calculate all the Material variances

Q4. A Rewrite the entire sentence selecting the most appropriate alternative with the (08)

given serial no.s without altering the order / sequence:

1. Variable costs are fixed _____ (totally / per unit / both of these);
2. In case of a monthly budget to be prepared for four consecutive months, the Opening balances _____ be worked out / put up at once for all four months simultaneously (can / cannot / may);
3. Bad debts written off _____ effect Cash budget (will / will not);
4. _____ budget has to be prepared before Production budget (Purchase/ Sales / Cash);
5. _____ is the cost centre or cost unit in hotel costing (passenger-kms./ tonne-kms. / room-days);
6. In Tourism, the toll expense will depend upon _____ (passenger – kilometres / kilometres / total enterprise's investment);
7. The key factor is the _____ important factor (most / least / non-);
8. _____ will be running cost in Tourism industry (Fuel / Insurance / Office Salary)

B Match the following by rewriting the columns A & B by matching on an overall most appropriate basis: - (07)

A	B
Fixed costs	Succeeds Sales budget ✓
Key factor	Standard Costing
Production budget	Charges per bed-days ✓
Cash budget	Standing costs ✓
Checking of reality with estimates	Temporary bank / other finance ✓
Hospital	Scarce in availability
Cash balance less than minimum requirement	Preceeds production budget ✓
	Forecast of cash flows ✓
	Depreciation to be taken into account

OR

Q. 4 Write Short notes on (any Three)

1. Material Quantity Variance
2. Uses of P/V Ratio
3. Cost centre / unit in Hotel Costing
4. Opportunity Cost
5. Link between Purchase, Production and Sales budget
