[Time:2.30 Hrs] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All question are compulsory.
2. Figures to the right indicate full marks.
3. Working note should form part of main answer
4. Use of simple calculators is allowed

Q. 1. A. The following data has been extracted from the books of Alisha ltd. **15**

Year	Sales(Rs.)	Profit(Rs.)
2023	10,00,000	50,000
2024	7,50,000	1,00,000

You are required to calculate:

a. P/V ratio
b. Fixed cost
c. Break-even Sales
d. Profit on sales of Rs.4,00,000
e. Sales to earn a profit of Rs.1,25,000

OR

Q. 1. B. From the following information suggest the optimum sales mix. **15**

Particulars	Per units
Direct Materials	
A	80
B	100
Direct Wages	
A	40
B	50
Selling Price	
A	200
B	275
Variable Overheads	
A	30
B	50
Total Fixed Overheads	Rs. 20,000

You are required to prepare-

From the following alternatives which sales mixes will bring higher profits?

1. 250 units of A and 150 units of B
2. 150 units of A and 250 units of B
3. 200 units of A and 300 units of B
4. 400 units of A and 400 units of B
5. 200 units of A and 200 units of B

State which of the alternatives of sales mixes you would recommend to the management.

Q. 2. A. Prepare a Cash budget of Rajkot Ltd. for March, April and May 2023 from the following information given below: **15**

Months	Sales(Rs.)	Purchases(Rs.)	Wages(Rs.)	Expenses(Rs.)
January	1,80,000	70,000	20,000	5,000
February	3,00,000	1,20,000	36,000	16,000
March	2,80,000	1,60,000	50,000	18,000
April	2,00,000	1,20,000	48,000	16,000
May	1,80,000	1,00,000	40,000	12,000
June	1,60,000	80,000	36,000	10,000

Additional Information-

1. 20% of the purchases and 10% of sales are of cash.
2. Dividend of Rs.5000 will be received in May 2023.
3. Cash Balance on 31st May 2023 may be assumed to be Rs. 65000.
4. The average collection period of the company is ½ month.
5. Credit purchases are paid regularly after one month.
6. Delay in payment of wages ¼ month.
7. Sales commission of 2% of Total Sales is to be paid in the month following actual sales.
8. Rent of Rs.2000 included in expenses is paid monthly and other expenses are paid after one month lag.

OR

Q. 2. B. Anita manufacturing company produces 7500 units by utilising its 75% capacity, supplies you the following cost information: **15**

Cost information at 75% Capacity Utilisation (For 7500 units)

Particulars	Rs
Direct Materials	750000
Direct Labour	600000
Direct Expenses	300000
Factory Overheads	450000
Office Overheads	300000
Selling Overheads	150000

Additional Information:

1. Direct material, direct labour and direct expenses are variable cost.
2. Factory overheads per unit increases by 10% , if capacity utilisation goes down below the 75% and decreases by 15% if capacity utilisation goes up above the 75%
3. Office overheads are fixed overheads.
4. Selling overheads per unit increases by 20% if capacity utilisation goes down below 75% and decreases by 25% if capacity utilisation goes up above the 75%.
5. It is the policy of the company to charge profit at 20% on selling price.

You are required to prepare a flexible budget at 50% , 75% and 100% capacity utilisation .

Q. 3. A. The following standards have been set to manufacture a product by accompany: **15**

Direct material:

2 units of A @ 4 per unit – Rs 8

3 units of B @ 3 per unit – Rs 9

15 units of C@ 1 per unit – Rs 15

Direct Labour:

3 labour hours @ 8 per labour hours – Rs.24

Total standard prime cost – Rs.56

The company had manufactured and sold 6,000 units of the product during the year. Direct material cost incurred were as follows.

12500 units of A @ 4.40 per unit

18000 units of B@ 2.80 per unit

88500 units of C@1.20 per unit

The company worked for 17,500 direct labour hours during the year. For 2,500 of these labour hours, the company paid @12 per labour hour, while for the remaining labour hours it paid the standard rate.

Calculate- Material Price, Usage, Mixture, Yield Variances, Labour Rate and Efficiency Variances.

OR

Q. 3. B. Radhe Limited is running a mini bus. You are required to calculate a suggested fare per passenger kilometre from the following details. **15**

Purchase Price of a Bus	Rs. 5,00,000
Length of route	40 km
Insurance	Rs. 20,000 p.a.
Garage Rent	Rs. 10,000 p.a.
Road Tax and Permit Fees	Rs. 5,000 p.a.
Repairs and Maintenance	Rs. 16,000 p.a.
Administrative Charges	Rs. 4,000 p.a.
Driver Wages	Rs. 5,000 per month
Conductor Wages	Rs. 3,000 per month
Repairs of Tyre tube	Rs. 4,000 p.a.
Diesel and Oil per kilometre	Rs. 5
Annual interest on loan	Rs.12,000 p.a.

Effective life of vehicle is estimated at 5 years at the end of which it will have a scrap value of Rs. 10,000. Mini bus has 25 seats and is planned to make 5 number two-way trips for 25 days per month. Provide profit @20% of total revenue.

Q. 4. A. Choose the most appropriate alternative from those below and rewrite the sentence- **7**

1. To obtain the break-even point in rupee sales value, total fixed costs are divided by ____________.
   a. Variable cost per unit b. Contribution margin per unit
   c. Fixed cost per unit d. Profit / volume ratio
2. If sales are Rs. 5,00,000; variable cost are Rs. 2,00,000and fixed cost are Rs. 2,40,000; the P/V Ratio will be________________.
   a. 60% b. 40% c. 20% d. 45%
3. Ideal product mix is decided in terms of___________.
   a. Sales b. Variable cost c. Total cost d. Marginal cost
4. A company budgets for fixed over heads of Rs.24,000 and production of 4,800 units.
5. Actual production is 4,200 units and fixed over heads incurred is Rs.22,000. The fixed over heads volume variance is ____________.
   a. 3,000 A b. 1,500 A c. 2,500 F d. 3,500 F
6. ____________is a responsible for efficient buying.
   a. Purchase manager b. Sales managers c. Production manager d. Chief accountant
7. A budget that gives indication of purchases to be made as derived from production figures is known as________________.
   a. Fixed Budget b. Production Budget c. Flexible Budget d. Purchase Budget
8. Which of the terms given below will help an organisation in decision-making?
   a. Total cost b. Fixed cost c. Opportunity cost d. Marginal cost

Q. 4. B. Match the Columns **8**

Column A	Column B
1. Sales Mix	a. Summary of all Functional Budget
2. Budgetary Control	b. No Profit No loss Stage
3. Standard Costing	c. Decrease in BEP
4. Material Yield Variance	d. Variable Cost
5. Master Budget	e. Multiple Products
6. BEP	f. Budget Manual
7. Increase in Selling Price	g. Pre- Determined
8. Marginal Costing	h. Part of Material Usage Variance

Q. 5. Write Short Note on (Any 3)- **15**

1. Performance Budget
2. Purchase Budget
3. Difference between Marginal Costing and Absorption Costing
4. Forecasting VS Budgeting
5. Zero Based Budgeting

****