(2 Hours) [Total Marks: 60]

Instructions:

i. All questions are compulsory and subject to internal choice.
ii. Figures to the right indicate full marks.
iii. Make suitable assumptions whenever required and state them.
iv. Use of simple calculator is allowed.

Q1.

A) Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 60%, 70% and 80% plant capacity. **[15 Marks]**

Particulars	**70% Capacity Level (Rs.)**
Variable Overheads:	
Indirect Labour	12,000
Stores including spares	4,000
Semi-Variable Overheads:	
Power (35% Fixed, 65% Variable)	20,000
Repairs and Maintenance (25% Fixed, 75% Variable)	9,000
Fixed Overheads:	
Depreciation	18,000
Insurance	10,000
Salaries	15,000
Total Overheads	88,000
Estimated Direct Labour Hours	1,76,000 Hours

OR

Q1.

B) **[15 Marks]**

Prepare a Cash Budget for the three months ending 30th June from the following information.

Month	**Sales (Rs.)**	**Materials(Rs.)**	**Wages(Rs.)**	**Overheads(Rs.)**
February	1,40,000	96,000	30,000	17,000
March	1,50,000	90,000	30,000	19,000
April	1,60,000	92,000	32,000	20,000
May	1,70,000	1,00,000	36,000	22,000
June	1,80,000	1,04,000	40,000	23,000

a. Credit terms are- Sales/Debtors -10% sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.
b. Creditors – Materials 2 months
   Wages ¼ month
   Overheads ½ month
c. Cash and Bank balance on 1st April is expected to be Rs.60,000.
d. Other relevant informations are:
i. Plant and Machinery will be installed in February at a cost of Rs.9,60,000. The monthly instalments of Rs.12,000 are payable from April onwards.

ii. Dividend @ 5% on preference share capital of Rs.12,00,000 will be paid on 1st June.
iii. Advance to be received for sale of vehicles Rs.90,000 in June.
iv. Dividends from investments amounting to Rs.10,000 are expected to be received in June.
v. Income tax (advance) to be paid in June is Rs.20,000.

Q2.

A) **[15 Marks]**

Pragati Company manufactures a product P by mixing three raw materials. For every 100 kg of output 125 kg of raw material input are used. In April 2023, there was an output of 5,600 kg of product P. The standard and actual particulars of April 2023 are as follows:

Raw Material	Standard		Actual	
	Mix	Price per kg	Mix	Price per kg
I	50%	Rs.40	60%	Rs.42
II	30%	Rs.20	20%	Rs.16
III	20%	Rs.10	20%	Rs.12

Calculate all material variances. The actual quantity of material used was 7,000 kg.

OR

Q2.

B) **[15 Marks]**

Leela Limited is running a mini bus. You are required to calculate a suggested fare per passenger/ KM from the following details.
Purchase price of 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.
Drivers wages Rs.5,000 per month
Conductors 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.

Q3.

A) From the following particulars, find the most profitable product mix and prepare a statement of profitability of that product mix: **[15 Marks]**

Particulars	Product A	Product B	Product C
Units budgeted to be produced and sold	1,800	3,000	1,200
Selling price per unit (Rs.)	60	55	50

Requirements per unit:			
Direct Materials	5 Kg	3 Kg	4 Kg
Direct Labour	4 Hours	3 Hours	2 Hours
Variable Overheads	Rs.7	Rs.13	Rs.8
Fixed Overheads	Rs.10	Rs.10	Rs.10
Cost of Direct Materials per kg	Rs.4	Rs.4	Rs.4
Direct Labour hour rate	Rs.2	Rs.2	Rs.2
Maximum possible units of sales	4,000	5,000	1,500

All the three products are produced from the same direct material using the same type of machines and labour. Direct labour which is the key factor, is limited to 18,600 hours.

OR

Q3.
B)
Following information is furnished by Ramesh Ltd: **[15 Marks]**

	Sales	Profit
Year 2022	Rs. 5,00,000	Rs. 1,00,000
Year 2023	Rs. 7,00,000	Rs. 1,50,000

Find out:
Profit Volume Ratio
Break Even Point (BEP)
Profit when sales are Rs 4,00,000
Sales to earn profit of Rs. 20,000
Margin of Safety in the year 2022 & 2023

Q4.

A) Multiple Choice Questions: **[8 Marks]**

1. The unit of cost for goods transport companies is……..
   a. Per unit
   b. Per bed
   c. Per passenger km
   d. Per ton
2. Which of the following is excluded from Master Budget?
   a. Capital Expenditure Budget
   b. Operation Expenses Budget
   c. Production Schedule
   d. Sales Budget
3. Standard cost is a __________
   a. Pre-determined cost
   b. Profit variable
   c. Fixed cost
   d. Variable cost
4. If the profit is 50% of the operating cost, it is ……………. of the invoice price.
   a. 20%
   b. 25%
   c. 16.66667%
   d. 33.33334%

5. A budget is a __________________ expression of a plan for a specific period of time.
    a. qualitative
    b. quantitative
    c. subjective
    d. conditional
6. Sales Rs.10, variable cost Rs.3, P/v ratio is______
    a. 40%
    b. 25%
    c. 70%
    d. 30%
7. Fixed cost is equal to_____
    a. BE sales x MOS
    b. Sales x MOS
    c. Sales x PV ratio
    d. PV ratio x BE Sales
8. Overhead Variance considers______
    a. Indirect cost
    b. Material Cost
    c. Direct cost
    d. Labour cost

Q4.

B) True or False: **[7 Marks]**

1. Operating costing is called as services costing.
2. Unit of cost for gas companies is per ton.
3. In Make or Buy decision only marginal cost is relevant.
4. The production budget is majorly dependent on Cash Budget.
5. Revised Standard Quantity for each input is required to be computed for calculating Material Cost Variance.
6. At break-even point, margin of safety is nil.
7. Overheads Variance is nothing but variation in absorption or recovery of overheads.

OR

Q4.

C) Write short notes: (Any Three) **[15 Marks]**

1. Sales Variances
2. Operating Costing of Hospital
3. Zero based budgeting
4. Assumptions of Break Even Analysis
5. Margin of Safety

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