Time : 2:30 **Marks: 75**

Note:

1. **All questions are compulsory with internal choice carrying 15 marks each.**
2. **Only simple calculator is permitted.**
3. **Support your answer with necessary working notes wherever required.**

Q1. Angad Corporation Ltd. has prepared the following budget for the year 2023 – 2024 (15)

Sales units 45,000 @Rs 17.5 per unit.
Fixed Expenses Rs 1,27,000
Variable cost 30% of sales value.
Find

(i) P/V ratio
(ii) Break-even point
(iii) Margin of safety
(iv) Profit when sales increase by 100%.
(v) Required sales to earn profit of Rs 5,50,000.

OR

Q1. The expenses budgeted for production of 10,000 units in a factory are furnished below: (15)

Particulars	Per Unit Rs.
Material Cost	700
Labour Cost	250
Variable overheads	200
Selling expenses (20% fixed)	130
Administrative expenses (Rs. 2,00,000)	200
Total Cost	1,480

Prepare a budget for production of 16000 units and 8000 units assuming administrative expenses are rigid for all level of production.

Q2. MGM ltd produces an article by lending two basic materials. It operates a standard costing system and the following standards have been set for raw materials.

Material	Standard Mix	Standard price (Rs per kg)
A	40%	4
B	60%	3

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The standard loss in processing is 15%. During April 2023, the company purchased 1700kgs of finished output.

The position of stock and purchases for the month of April 2023 are as under

Material	Stock on 1/4/ 2023	Stock on 30/4/ 2023
A	35 kgs	5 kgs
B	40 kgs	50 kgs

Material	Purchases	Value
A	800 kgs	Rs 6800
B	1200 kgs	Rs 6000

Opening stock of material is to be valued at standard price

You are required to calculate

a. Material price variance
b. Material usage variance
c. Material Yield Variance
d. Material Mix Variance
e. Total Material Cost Variance.

OR

Q2. The cost detail of Rudra Ltd for the month of September is as follows (15)

	Budgeted	Actual
Fixed Overhead	Rs 30,00,000	Rs 31,20,000
Unit of production	15000	15600
Standard time for one unit	2 hours	
Actual hours worked		16,000 hours

You are required to calculate

(i) Fixed Overhead Cost Variance
(ii) Fixed Overhead Expenditure Variance
(iii) Fixed Overhead Volume Variance
(iv) Fixed Overhead Efficiency Variance
(v) Fixed Overhead Capacity Variance

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Q3. Mr. Rudra started the transport business with a fleet of 10 taxis. Expenses of operating the fleet are given below: (15)

1.	Cost of each taxi	Rs. 7,60,000
2.	Salary of office and garage staff	Rs. 76,000 p.m.
3.	Rent of garage	Rs. 24,000 p.m.
4.	Driver's salary per taxi	Rs. 8,000 p.m.
5.	Insurance, tax and sundry expenses	Rs. 1,10,400 per yr.

The life of a taxi is 3,00,000 kms at the end of which it is estimated to be sold at Rs. 40,000. A taxi is expected to run on an average 4,000 kms per month. Petrol consumption is 12 kms per litre of petrol costing Rs. 100 per litre. You are required to:

1. Calculate the cost of running taxi per km by preparing a statement of operating cost;
2. Find out the profit Mr.Rudra may expect to earn during the first month of operations if the hire charger is Rs. 35 per km. Assume that during the month each taxi runs on an average 4,000 km of which 800 km it runs empty.

OR

Q3. A company is expecting to have Rs. 50,000 cash in hand on 1st April 2023 and it requires you to prepare an estimate of cash position in respect of three months from April to June 2023, from the information given below : 15

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Expenses Rs.
February	1,40,000	80,000	16,000	12,000
March	1,60,000	1,00,000	16,000	14,000
April	1,84,000	1,04,000	18,000	14,000
May	2,00,000	1,20,000	20,000	16,000
June	2,40,000	1,10,000	24,000	18,000

Additional Information :

(a) 20% of purchases are on cash. Period of credit allowed by suppliers - two months.

(b) 25 % of sale is for cash and the period of credit allowed to customer for credit sale one month.

(c) Delay in payment of wages and expenses one month.

(d) Income Tax Rs. 50,000 is to be paid in June 2023

Q4A Select the most appropriate alternative. (08)

1. ________________budgeting is the practice of developing budgets based on the relationship between program funding levels and expected results from the program
   a. Zero Based
   b. Master
   c. Cash
   d. Performance.

2. Period costs are -----------------
   a. Variable Costs
   b. Fixed Costs
   c. Prime Costs
   d. Overhead Costs

3. When sales exceed production (in units) the profit under
   a. Marginal costing is higher than absorption costing
   b. Marginal costing is lower than absorption costing
   c. Marginal costing is equal to absorption costing
   d. None of the above

4. A truck carrying 8 tons of goods over 230 kilometres per day for 25 days in a month. The ton kms applicable is
   a. 46,000
   b. 23,000
   c. 6,750
   d. 200

5. For a Passenger transport, the composite cost unit is___________,
   a. Patient –day
   b. Visitor- day
   c. Bed- day
   d. Passenger -kms

6. Responsibility Centre can be categorised into:
   a. Cost Centres only
   b. Profit Centre only
   c. Investment Centre only
   d. Cost Centre, Profit Centre and Investment Centre.

7. The process of distribution of overheads allotted to a particular department or cost centre over the units produced is called
   a. Allocation
   b. Apportionment
   c. Absorption
   d. Departmentalization

8. The difference in cost due to change in the level of activity or method of production is known as --------------
   a. Differential cost
   b. Relevant Cost
   c. Variable Cost
   d. Quality Cost

Q4B. State whether True or False (07)

1. A break-even analysis is a financial tool which helps a company to determine the stage at which the company, or a new service or a product, will be profitable.
2. Variable costs are the costs incurred to create or deliver each unit of output.
3. Implicit costs are those costs that are not met by cash payments.
4. Unit costing is a method of costing used in those industries which are engaged in mass production of homogeneous/identical products.
5. Budgets are minimum targets which are to be attained by actual performance at specific efficiency level.
6. Allocation of indirect expenses to a particular class of output, department or job should be fair and equitable.
7. Forecasting is a preliminary step for budgeting. It ends with the forecast of likely events.

Q5. Write short notes on any 3 out of 5. (15)

1. Zero Based Budgeting
2. Break Even Chart
3. Operating Cost of a hotel
4. Need for Management Accounting
5. Performance Budget

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