Time: 2 Hours Total Marks: 60

N. B.: (1) All questions are **compulsory** carrying **equal** marks.
(2) Support your answer with required working notes.
(3) Round off upto two decimal points.
(3) Use of simple calculator is allowed.

1. A newly started SSG Co.Ltd wishes to prepare Cash Budget from May. You are required to prepare a Cash Budget for the first six months from the following estimated revenue and expenses. [15 Marks]

Month	Total Sales Rs.	Materials Rs.	Wages Rs.	Overheads	
				Production Rs.	Selling & Distribution Rs.
May	20,000	20,000	4,000	3,200	800
June	22,000	14,000	4,400	3,300	900
July	24,000	14,000	4,600	3,300	800
August	26,000	12,000	4,600	3,400	900
September	28,000	12,000	4,800	3,500	900
October	30,000	16,000	4,800	3,600	1,000

Cash balance on 1st May was Rs.10,000. A new machine is to be installed at Rs.30,000 on credit to be repaid by two equal instalments in July and August.
Sales commission at 2.5% on total sales is to be paid within the month following actual sales.
Rs.10,000 being the amount of second call may be received in July, share premium amounting to Rs.2,000 is also obtainable with second call.
(a) Period of credit allowed by suppliers is to be two months.
(b) Period of Credit allowed to customers is to be one month.
(c) Delay in payment of overheads is to be one month.
(d) Delay in payment of wages is 15 days (i.e ½ month).
(e) Assume cash sales to be 50% of total sales.

OR

1. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% & 90% capacity levels. [15 Marks]

Particulars	At 80% capacity (Rs.)
Indirect material	8,000
Indirect labour	10,000
Power (30% fixed)	20,000
Repairs & maintenance (60% fixed)	12,000
Deprecation	10,000
Insurance	5,000
Others fixed overhead	15,000
Total overhead	**80,000**
Estimated direct labour hours	1, 00,000 hours

2. Prakash Automobiles distributes its goods to regional dealer using a single lorry. The dealer's premises are 40 Km away by road. The lorry has a capacity of 10 tonnes and makes the journey twice a day fully loaded on the outward journeys and empty on return journey. The following information is available for four weekly period during the year 2018. [15 Marks]

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Petrol Consumption	8 Km per litre
Perol Cost	Rs.13 per litre
Oil	Rs.100 per week
Driver's Wages	Rs.400 per week
Repairs	Rs.100 per week
Garage Rent	Rs.150 per week
Cost of lorry (excluding tyres)	Rs.4,50,000
Life of lorry	80,000 Km
Insurance	Rs.6,500 per annum
Cost of tyres	Rs.6,250
Life of tyres	25,000 Km
Estimated sale value of lorry at the end of its life	Rs.50,000
Vehicle Licence Cost	Rs.1,300 per annum
Other overhead cost	Rs.41,600 per annum

The lorry operates on a five day week.

Required:

(a) A statement to show the total cost of operating the vehicle for the four weekly period analysed into running costs and fixed costs.

(b) Calculate vehicle cost per kilometre and per tonne kilometre.

OR

2. From the following particulars, calculate material variances including material sub-variances. The standard mix required for a product is **[15 Marks]**
Material A-60% at standard price Rs.40 per kg and
Material B- 40% at standard price Rs.60 per kg
Normal loss is 10% of total input.
Actual output obtained during the period was 3,600 units for which actual consumption of materials are:
Material A- 2,550 kgs @ Rs.42 per kg
Material B-1,750 kgs @ Rs.59 per kg

3. Z Ltd produces and sales a single article at Rs.10 each. The marginal cost of production is Rs.6 each and fixed cost is Rs.400 per annum. **[15 Marks]**
Calculate:
(i) P/V Ratio
(ii) The Break-Even Sales (in Rs. And Nos.)
(iii) The sales to earn a Profit of Rs.500
(iv) Profit at sales of Rs.3,000
(v) New Break Even Point if sales price is reduced by 10%
(vi) Margin of safety at sales of Rs.1,500 and
(vii) Selling price per unit if the Break Even Point is reduced to 80 units.

OR

3. The Financial Accountant of PSC Ltd has presented the following Product Performance Report for the year ended 31st March, 2018. **[15 Marks]**

Particulars	Rs.
Sales @ Rs.10 per unit	10,00,000
Total Variable Cost	7,00,000
Fixed Cost	2,00,000
Profit	1,00,000

The Marketing Manager of the company has come up with a proposal that if the selling price of the product is reduced by 10% the quantity sold will go up by 25%. On the other

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hand the Costing Department is of the opinion that as most of the competitors have higher prices, the selling price should be increased by 10%. The Marketing Manager has apprehension that if the selling price is increased by 10% the quantity sold will fall by 20%. You are invited by the company to analyse the situation and advise the company to take a decision with reasons.
Whether:

(i) The selling price should be increased or
(ii) The selling price should be reduced or
(iii) The selling price should be left unchanged

4. **(A)** Rewrite the entire sentence selecting the most appropriate alternative with the given serial no.s without altering the order/sequence: **[08 Marks]**

1. Contribution is equals to_____
   (a) Sales – Cost of sales
   (b) Sales –Cost of production
   (c) Sales –Variable Costs
   (d) Sales –Fixed Costs

2. If standard cost is lower than the actual cost, the difference is known as_____
   (a) Favourable
   (b) Adverse
   (c) Positive
   (d) Negative

3. A budget that gives a summary of all the functional budgets is known as_____
   (a) Capital Budget
   (b) Flexible Budget
   (c) Master Budget
   (d) Fixed Budget

4. The object of budgetary control is_____
   (a) Planning
   (b) Organising
   (c) Forecasting
   (d) None of the above

5. Difference between standard cost and actual cost is called as_____
   (a) Profit
   (b) Loss
   (c) Wastage
   (d) Variance

6. Operating Costing is applicable to_____
   (a) Transport Companies
   (b) Hospitals
   (c) Electricity companies
   (d) All of the above

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7. A standard which is established for use unaltered for an indefinite period is called_____
   (a) Current standard
   (b) Ideal standard
   (c) Basic standard
   (d) Expected standard

8. _____ is the cost centre or cost unit in transport costing.
   (a) Passenger-kms
   (b) Tonne Kms
   (c) Room –days
   (d) None of the above

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

A	B
1. Margin of Safety	a. Constraint
2. Limiting Factor	b. Estimate of sales
3. Sales Budget	c. Sales –Break Even Sales
4. Decision Making	d. X axis
5. In the Break Even Chart Volume(in units) is shown on the	e. Selection of the best alternative
6. In the Break Even Chart Cost is shown on the	f. Per Patient –Day
7. Hospital	g. Y axis

OR

4. **Write Short Notes on any Three:** [15 Marks]
   1. Advantages of Break –Even Chart
   2. Sales Variance
   3. Master Budget
   4. Operating Costing of Hotel
   5. Merits of Zero Based Budgeting

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