[Time: 2½ Hours]

[Marks: 75]

N.B : 1. All questions are compulsory.
2. Figures to right indicate full marks.
3. Use of simple calculator is allowed.
4. All workings should form a part of solution.

Q1A State whether the statement is true or false (Rewrite the sentence) Any eight (8) **(8)**

1. Budget manual is a detailed information plans , policies, procedures and operations
2. CVPA stands for Cost Volume Profit Analysis?
3. Idle time variance is caused due to change in efficiency
4. Variable Cost per unit goes on decreasing with increase in volume of production.
5. Material cost variance is equal to MPV + MUV
6. Sales budget shows estimate of future sales
7. P/V ratio increases with decrease in Fixed Cost
8. Margin of Safety Shows how far the company is safe
9. Variable Cost per unit goes on decreasing with increase in volume of production.
10. Variable Cost per unit goes on decreasing with increase in volume of production.

Total variance can provide useful about source of each different

Q1B Match the Following **(Any 7)** **(7)**

Column A	Column B
1. Depreciation	1. Based on Marginal Cost
2. Prime Cost	2. Historical cost
3. Key Factor	3. Summary of all functional budget
4. Mater Budget	4. Arises due to non controllable factors
5. Non Controllable Variance	5. Variable Cost
6. Electricity charges	6. Increase in BEP
7. Increase in Variable Cost	7. Profitability
8. Contribution test	8. Fixed Cost
9. Make or Buy Decision	9. Direct Cost
10. Cost incurred in past	10. Limiting Factor

Q2 A The sales and profits of two seasons are as following **(15)**

Seasons	Sales Rs.	Profit Rs.
Summer	3,00,000	35,000
Winter	5,00,000	75,000

Calculate ;

1. Profit Volume Ratio
2. Fixed Cost
3. Break Even Point
4. If the company wants to have a profit of Rs. 10,000 what should be the level of sales?
5. Profit when sales are Rs.5,50,000

OR

Q2B Atharva Industries has given the following details:

(15)

Particulars	Product I	Product II	Product III
Units Budgeted to be Produced & Sold	1800	3000	1200
Selling Price Per Unit (Rs.)	62	57	50
Requirements Per Unit:			
Direct Materials	05 kg.	03 kg.	04 kg.
Cost of Direct Material per Kg.	Rs. 04	Rs. 04	Rs. 04
Direct Labour	04 hours	03 hours	04 hours
Variable Overheads	Rs. 07	Rs. 13	Rs. 08
Fixed Overheads	Rs. 10	Rs. 10	Rs. 10
Direct Labour Hour Rate	Rs. 02	Rs. 02	Rs. 02
Maximum Possible Units of Sales	4000	5000	1500

find the most profitable product mix and prepare a statement of profitability of the product mix.

All the three products are produced from the same direct material using the same type of machines and labour. Direct Material, which is the key factor, is limited to 37,000 kgs.

Q3 A Bombay Factory is currently working at 50% capacity and produces 30,000 units and also sold each at Rs. 225 per unit. Prepare a Flexible Budget and estimate the profit of the company when it works to 75% and 90% capacity. (15)

Assume that all units produced are sold at the same selling price per unit as shown above. Following information is provided to you:

(i) Variable Expenses:

Materials Rs. 60 per unit

Labours Rs. 40 per unit

Other Expenses Rs. 15 per unit

(ii) Semi-variable Expenses: (at 50% capacity)

Indirect Labour Rs. 1,50,000

Indirect Materials Rs. 2,10,000

General Administrative Expenses Rs. 2,70,000

Budgeting and Budgetary Control 35 Repairs and Maintenance Rs. 1,20,000

Salesman Salaries Rs. 1,80,000

(iii) Fixed Expenses:

Office and Management Salaries Rs. 5,40,000

Office and Factory Rent and Taxes Rs. 6,00,000

Sundry Administrative Expenses Rs. 7,20,000

Depreciation on Machinery and Furniture Rs. 4,50,000

(iv) Semi-variable expenses remain constant up to 60% of capacity, increasing by 10% between 60% and 80% capacity and by 20% between 80% and 100% capacity.

(v) Rate per unit of variable expenses remains the same.

OR

Q3B A Celestial Innovations Ltd. plans to prepare a cash budget starting from January for the first six months, based on the following estimated revenues and expenses. (15)

Months	Sales	Material	Wages	Production Overheads	Selling & Distribution Overheads
January	20,000	20000	4000	3200	800
February	22000	14000	4400	3300	900
March	24000	14000	4600	3300	800
April	26000	12000	4600	3400	900
May	28000	12000	4800	3500	900
June	30000	16000	4800	3600	1000

Cash balance on 1st Jan was 10,000, a new machinery is to be installed at Rs.32,000 on credit to be repaid by two equal installments in March and April. Sales commission @2.5% on total sales is to be paid next month following actual sales.

Rs. 10,500 being the amount of second call received in March. Share premium Rs. 1,500 Is also obtained with the 2nd call.

Period of credit allowed by suppliers 2 Months

Period of credit allowed to customers 1 Month

Delay in payment of overheads 1 Month

Delay in payment of wages 1/2Month

Actual cash sales are 50% of total Sales

Q 4A from the following data calculate the sales variances (15)

a. Sales Value variance
b. Sales Price Variance
c. Sales Volume Variance
d. Sales Mix Variance
e. Sales Quantity Variance

Product	Budget		Actual	
	Unit	Rate	Unit	Rate
P Q R	23,000 37,000 40,000	10 11 10	42,000 35,000 36,000	11 10 13

OR

Q4 B Mujahid Limited produces the 3 products in his production units viz aAlpha , Beta and Gamma from the data available calculate all Material Variance **(15)**

Product	Standard		Actual	
	Units	Rate	Units	Rate
Alpha Beta Gamma	5 8 7	20 30 40	7 5 8	22 28 41

Q5 A Difference Between Fixed Budget and Flexible Budget **(8)**

Q5 B Benefits of Standard Costing **(7)**

OR

Q5 Short Notes **(Any 3)** **(15)**

1. P/V Ratio
2. Break Even Point
3. Marginal Costing
4. Margin of Safety
5. Zero Based Budget

Sale budget is Prepaid by Production manager.

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