

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. From the following information and the assumption that the balance in hand on 1<sup>st</sup> January is Rs.72, 500. Prepare Cash Budget.

[15 Marks]

Month	Sales	Materials	Wages	Selling & Distribution Cost	Production Cost	Administration Cost
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
January	72,000	25,000	10,000	4,000	6,000	1,500
February	97,000	31,000	12,100	5,000	6,300	1,700
March	86,000	25,500	10,600	5,500	6,000	2,000
April	88,600	30,600	25,000	6,700	6,500	2,200
May	1,02,500	37,000	22,000	8,500	8,000	2,500
June	1,08,700	38,800	23,000	9,000	8,200	2,500

Assume that 50% are Cash Sales. Assets are to be acquired in the month of February and April. Therefore provision should be made for the payment of Rs.40,000 and Rs.25,000 for the same. An application has been made to the Bank for the grant of loan of Rs.30,000 and it is hoped that it will be received in the month of May.

It is anticipated that a dividend of Rs.35,000 will be paid in June. Debtors are allowed 1 month credit. Sales Commission @ 2% on Cash Sales and 5% on cash collection from Debtors is to be paid.

Creditors (for Goods or Overheads) grant one month credit.

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% and 90% plant capacity. [15 Marks]

Particulars	80% Capacity Level (Rs.)
<b>Variable Overheads:</b>	
Indirect Labour	12,000
Stores including spares	4,000
<b>Semi-Variable Overheads:</b>	
Power (30% Fixed, 70% Variable)	20,000
Repairs and Maintenance (60% Fixed, 40% Variable)	2,000
<b>Fixed Overheads:</b>	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
<b>Total Overheads</b>	<b>62,000</b>
Estimated Direct Labour Hours	1,24,000 Hours

2. Mr.A owns a bus which runs between Mumbai and Pune and back for 10 days in a month. The distance from Mumbai to Pune is 200 Kms. The bus completes the trip from Mumbai to Pune and back on the same day. The bus goes another 10 days in a month to Ratnagiri and the distance covered being 350 Kms. The trip is also completed on the same day. For the rest of 4 days it runs in the local city. Daily distance covered in local city is 100 Kms. [15 Marks]

Calculate the rate Mr. A should charge per trip from passenger when he wants to earn a profit of 50% on cost.

The other particulars are given below:

Cost of Bus	Rs.9,00,000
Depreciation	20% per annum
Salary of Driver	Rs.6,000 per month
Salary of Conductor	Rs.5,000 per month
Salary of Accountant	Rs.2,000 per month
Diesel Consumption	6 Kms per litre costing Rs.8 per litre
Tax	Rs.9,600 per annum
Repairs	Rs.3,000 per month

Normal capacity of the bus is 50 Passengers

The bus is generally occupied 90% of the capacity when it goes to Pune and 80% when it goes to Ratnagiri. It is always full when it runs within the city.

OR

2. A manufacturing company uses the following standard mix of their compound in one batch of 100 kgs of its production line: [15 Marks]

50 kgs of material X at the standard price of Rs.2

30 kgs of material Y at the standard price of Rs.3

20 kgs of material Z at the standard price of Rs.4

The actual mix for a batch of 110 kgs was as follows:

60 kgs of material X at the price of Rs.3

40 kgs of material Y at the price of Rs.2.5

10 kgs of material Z at the price of Rs.3

Calculate the different material variances.

3. Following information is furnished by Himesh Ltd: [15 Marks]

	Sales	Profit
Year 2017	Rs. 1,20,000	Rs. 8,000
Year 2018	Rs. 1,40,000	Rs. 13,000

Find out:

- Profit Volume Ratio.
- Break-Even Point (BEP).
- Profit when sales are Rs. 1,80,000
- Sales to earn profit of Rs. 12,000
- Margin of Safety in the year 2018.

OR

3. Following information has been made available from the cost records of a company manufacturing spare parts: [15 Marks]

Particulars	Per Units
<u>Direct Materials:</u>	
-A	Rs.8
-B	Rs.6
<u>Direct Wages:</u>	
-A	4 hours at Rs.2 per hour
-B	6 hours at Rs.2 per hour
Variable Overheads	150% of wages
Fixed Overheads	Rs.750
Selling Price of A	Rs.30
Selling Price of B	Rs.35



The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period:

- (i) 250 units of A and 250 units of B
- (ii) 400 units of B only
- (iii) 400 units of A and 100 units of B
- (iv) 150 units of A and 350 units of B

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

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 equal to \_\_\_\_\_

- (a) Fixed Cost + Profit
- (b) Sales – Variable Cost
- (c) Fixed Cost – Loss
- (d) All the above

2. An estimate of what cost should be is known as \_\_\_\_\_

- (a) Actual Cost
- (b) Ideal Cost
- (c) Standard Cost
- (d) Forecast Cost

3. The classification of fixed and variable cost has a special significance in the preparation of \_\_\_\_\_

- (a) Flexible Budget
- (b) Cash Budget
- (c) Capital Budget
- (d) Zero-Based Budget

4. \_\_\_\_\_ Costing is the method used to ascertain the cost of providing a service such as transport, hotel, hospital, gas or electricity.

- (a) Contract
- (b) Operating
- (c) Process
- (d) Job

5. Material Cost Variance is equal to \_\_\_\_\_

- (a) MPV + MUV
- (b) MUV + MYV
- (c) MYV + MPV
- (d) MPV + MUV + MYV

6. Excess of actual cost over standard cost is a \_\_\_\_\_

- (a) Favourable Variance
- (b) Unfavourable Variance
- (c) Abnormal Gain
- (d) None of the above