[Time: 2 ½ **Hours]** **[Marks:**75**]**

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory with internal choice.
2. Figures to the right lindicate full marks.
3. working Notes should be part of your answer
4. use of simple calculation is permitted.

Q.1 state whether the following statement is **True/False** rewrite the sentece (any 08) 08

1) Non controllable variance arises due to change in government policies.
2) Idle time varianece is always favourable
3) The most profitable sales mix is the one which gives maximum contribution
4) At Break even point, an organisation earns profit.
5) Increase in sales, increases margin of safety.
6) Sales budget is prepared by production manager
7) Flexible budget is drawn for one level of activity
8) Master budget is the summary of all the functional Budgets.
9) marginal Cost is a fixed cost
10) Contribution is the test of profitablity

B) Select correct alternative & rewrite the sentence (any 07) 07

1) The object of budgetary control is................
   a) planning
   b) organising
   c) Forecasting
   d) none of the above
2) sales budget shows...............
   a) Estimate of future sales
   b) Estimate of future production
   c) Estimate of inventory
   d) None of the above
3) A cost that cannot be changed by any decision made now is............
   a) sunk cost
   b) opportunity cost
   c) indirect cost
   d) mixed cost
4) Ideal product mix is decided in terms of.................
   a) sales
   b) variable cost
   c) Total cost
   d) Fixed Cost
5) Difference between standard cost & actual cost is called as:.............
   a) variance
   b) Profit
   c) loss
   d) wastage
6) overheads include................
   a) Indirect material, Indirect labour
   b) indirect material, Indirect labour, indirect expenses
   c) fixed overheads
   d) None of the above

7) Production budget is expressed in ....
   a) quantity only
   b) cost only
   c) quantity & cost
   d) None of the above
8) Which of the budget is prepared for a long period of time..................
   a) Production budget
   b) Purchase budget
   c) Cash budget
   d) Capital expenditure budget
9) A shut down point is the point at which................
   a) Operating loss is equal to the loss due to shut down
   b) Contribution is less than fixed cost
   c) Contribution is equal to fixed cost
   d) None of the these
10) A budget is prepared for...............
   a) one year
   b) one month
   c) six month
   d) A specified period

Q.2 A Ltd manufactured and sold 10,000 units and 15,000 units in the first year and the second year respectively. The selling price per unit was Rs. 60 in both the years. in the first year it suffered a loss of Rs.30,000 and in the second year earned profit of Rs 30,000 calculate the following 15

a) profit volume ratio
b) The amount of fixed cost
c) The BEP in value and units
d) profit when 20,000 units are sold
e) The number of units to be sold to earn Post-tax profit of Rs 50,000. Tax rate is 50%

OR

Q.2 From the following particulars find the most profitable product mix and prepare a statement of profitability at the product mix: 15

	Product A	Product B	Product C
Unit budgeted to be produced and sold	1800	3000	1200
Selling price per unit Rs.	60	55	50
Requirement per unit			
Direct material	5kg	3kg	4kg
Direct labour	4hrs	3 hrs	2hrs
Variable Overhead (Rs.)	7	13	8
Fixed Overhead (Rs.) per unit	10	10	10
Cost of direct material per kg (Rs.)	4	4	4
Direct labour per hour (Rs.)	2	2	2
Maximum possible units of Sales	4000	5000	1500

All the three products are produced from the same direct material using same type of machines and labour Direct labour which is the key factor, is limited to 18600 hours

Q.3 ABC manufacturing company produces 7,500 units by utilising its 75% capacity, supplies you the following cost information 15

Cost information at 75% capacity utilization (for 7,500 units)

particulars	Rs
Direct materials	7,50,000
Direct Labour	6,00,000
Direct expnses	3,00,000
Factory overheads	4,50,000
office overheads	3,00,000
Selling overheads	1,50,000

Additional Informations:

a) Direct materials, Direct Labour, Direct expenses are variable Cost
b) factory overheads per unit increases by 10%, if capacity utilization goes below the 75% and decreases by 10% if capacity utilization goes up above the 75%.
c) office overheads are fixed overheads
d) Selling overheads per unit increase by 10%, if capacity utilization goes down below the 75% and decrease by 20% if capacity utilization goes up above the 75%
e) It is the policy of the company to charge profit at 25% on selling price

You are required to prepare a flexible budget at 50%, 75% and 100% capacity utilization.

OR

Q.3 Maya limited has made the following sales estimates for january february and march of the year 2017 from which you are required to prepare sales budget by units and rupees for each of the three months for each sales area in units and value 15

sales Area	January	February	March
A	50%	30%	20%
B	35%	35%	30%
C	10%	25%	65%
D	30%	40%	30%

The area-wise sales are expected as follows:

Sales Area	Sales (Units)
A	3,500
B	2,000
C	3,000
D	4,000
Total	12,500

The selling price has been fixed at Rs. 8 per units in area A, Rs. 10 per units in area B, Rs. 11 per units in area D, and Rs. 12 per units in area C.

Q.4 Calculate material and labour variances from the following data: 15

for 5 units of product X the standard data are:

Material-80kg @Rs.50 per kg.

labour-200 Hours @ Rs.5 per hour

Actual data:
Actual production-5000 units.
Material-79,800kg @Rs.52 per kg
Labour-2,00,100 Hours @Rs.4.90 per hour.

OR

Q.4 Shakti Ltd. has the following information for the year 2017 15

	Budget	Actual
Output (units)	4,800	2,100
Hours	96,000	1,03,200
fixed overhead	Rs.4,80,000	Rs.5,67,000
Variable overhead	Rs.7,68,000	Rs.8,77,200

Calculate
a) Fixed ovarhead cost variance.
b) Fixed overhead volume variance
c) Fixed overhead expenditure variance
d) Variable overhead cost variance
e) Variable ovarhead expenditure variance.

Q.5 A) What is Marginal costing ? explain it's limitations 8
B) What is Budget ? explain it's types 7

OR

Q.5 write short note on (Any three) 15
1) Zero Base Budgeting
2) Break Even Chart
3) Sales variance
4) Features of standard costing
5) Limiting Factor