(2½ Hours) **[Total Marks 75]**

Q1) a Choose the correct alternative and rewrite the complete statement (any 8) (08)

1. In the long run, all costs are __________.
   a) Fixed.
   b) Semi-variable.
   c) Variable.
   d) Standard.
2. As the units manufactured decreases, variable cost per unit __________.
   a) Remains constant.
   b) Decreases.
   c) Increases.
   d) Reduces to half.
3. At BEP, both profit and loss is __________.
   a) Positive.
   b) Profit exceeds loss.
   c) Negative.
   d) Zero.
4. Contribution is ___________ .
   a. Sales – variable cost
   b. Sales - profit
   c) Fixed cost – profit
   d) Fixed cost + variable cost.
5. The profit volume ratio will be reduced by ________.
   a. Increasing the selling price per unit
   b. Increasing the sales and Fixed cost with equal amount
   c. Reducing the variable cost
   d. Increasing variable cost.
6. If company uses only one type of material then following Variance cannot be found _______.
   a. Material Cost Variance
   b. Material Usages Variance
   c) Material Price Variance
   d) Material Yield Variance
7. _______ is the principle tools of planning and control offered to management by accounting functions.
   a. Budget
   b. Income Statement
   c) Balance Sheet
   d) Cost Sheet
8. _________ costing technique is based on the assumption that all costs can be divided into variable costs and fixed costs clearly.
   a. Standard
   b. Uniform
   c) Marginal
   d) Contract
9. __________ factor is defined as the factor in the activities of an organization which, at a particular point of time or over a period, will limit the volume of output.
   a. Sales
   b. Purchase
   c) Key
   d) BEP
10. __________ decision arises when a firm is selling multiple products.
   a. Make or buy
   b. Sales mix
   c) Plant shut down
   d) Exploring new markets

Q1 B) Match the Following Any seven **(07)**

1	Material Price Variance	A	Graphical presentation
2	Absorption costing	B	Cost per unit decreases with increase in output
3	Sales volume Variance	C	Responsibility centre
4	Idle time	D	Direct cost
5	Budget manual	E	Functional
6	Sales budget	F	Implementation of budgetary control
7	Raw material	G	unfavourable
8	Performance budgeting	H	Difference between actual quantity sold and standard quantity of sales
9	Fixed Cost	I	Fixed and variable cost charged to the product
10	Break even chart	j	Change in price

Q2 Company annually manufactures and sells 30,000 units of a product the selling price of which is ₹ 60 and profit earned is ₹ 20 per unit. **(15)**

The analysis of cost of 30,000 units is

Material cost	4,50,000
Labour cost	1,50,000
Overhead (50% variable)	6,00,000

You are required to compute

1) P/V Ratio
2) Break even Sales in ₹ and unit
3) Sales required to earn a profit of ₹ 6,00,000
4) Profit when sales is 20,000 units
5) Margin of safety when actual sales is 9,00,000

OR

Q2 From the Following information: **(15)**

(a) State which of the alternative sales mixes you would recommend to management and why

Particulars	Per unit
Selling Price	
For A	300
For B	250
Direct Material	
For A	100
For B	80
Direct wages	
For A	80
For B	60

Fixed overhead are 1,00,000 and variable overheads are 100% of direct wages.
Alternative Sales mix

1) 5000 units of Product A and 5000 units of product B
2) 6000 units of product B only
3) 5000 units of product A and 3000 units of product B

Q3 From the following data of X ltd calculate all the Material Variances **(15)**

Type of Material	Standard output 100 units		Actual output 2,000 units	
	Quantity	Price per kg ₹.	Quantity	Price per kg ₹
Binny	50 kg	10	1050	9
Nisha	30 kg	8	630	8
Brinda	40 kg	6	760	7

OR

Q3 From the following information calculate: **(15)**

(a) Sales Value Variance
(b) Sales Price Variance
(c) Sales Volume Variance
(d) Sales Mix Variance
(e) Sales Quantity Variance

Product	Standard Units	Standard Price Per Unit ₹	Actual Units	Actual Price Per Unit ₹
X	20,000	10	24,000	11
Y	12,000	12	16,000	12
Z	8,000	14	10,000	15

Q4) Prepare a Cash Budget of Kedarkantha Ltd. for April , May and June 2019 from the following information given below: **(15)**

Months	**Sales(₹)**	**Purchases(₹)**	**Wages (₹)**	**Overheads(₹)**
Jan	3,00,000	1,80,000	24,000	15,000
Feb	2,50,000	1,40,000	32,000	18,000
March	2,80,000	1,90,000	28,000	20,000
April	2,40,000	1,20,000	36,000	25,000
May	2,60,000	1,60,000	30,000	24,000
June	3,60,000	1,60,000	28,000	28,000
July	3,40,000	1,80,000	26,000	30,000

Additional Information:

1. 10% of the purchases and 20% of the sales are for cash.
2. The average collection period of the company is 30% in the month of sales, 40% in the month following sales and balance two month after sales.
3. Credit purchases are paid regularly after one month.
4. Delay in payment of wages ½ month.
5. Sales commission of 1% of Total Sales is to be paid in the month following actual sales.

6. Delay in payment of overheads ¼ month.
7. Cash balance on 30th June, 2019 may be assumed to be ₹26,500.
8. Machinery worth ₹ 167300 will be purchased in May 2019 in cash.

OR

Q4) Prepare the Flexible Budget at 50%, 70% and 85% capacity level with per unit and also calculate ,total cost and profit from the following information of OSM Ltd for the month of March 2019. **(15)**

Capacity	50%		70%	
Units	5000		?	
	Amount (₹)	Per Unit (₹)	Amount (₹)	Per Unit (₹)
Sales	?	30	?	30
Variable Cost : Direct Material Direct Labour Direct Expenses	 ? ? ?	 9 ? ?	 ? ? ?	 ? 5 ?
Fixed Cost : Depreciation Rent Salaries	 6,000 12,000 5,000	 ? ? ?	 ? ? ?	 ? ? ?
Semi-Variable Cost : Maintenance (60% Fixed) Power & Fuel (50% Variable)	 12,000 ?	 ? ?	 ? 15,000	 ? ?
Profit	20,000	?	?	?

Q5 a) Distinguish between Budgetary Control & Standard Costing. **(08)**

b) Explain Cost-Volume Profit relationship? **(07)**

OR

Q5 Write short notes **(any three)** **(15)**

(a) Cash Budget.
(b) Absorption costing
(c) Labour Variances
(d) Flexible Budget.
(e) Plant shut down decision