9|5|17

Q.P. Code : 11884

[Time: Two Hours] [Marks:60]

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory.
2. Figures to right indicates marks.
3. All working notes should form part of your answer.

Q.1 Gaurav Plast & Co produces plastic paper staplers for office use. All parts are produced internally with exception of metal base plate. At present these plates are purchased from Kirit Plast & Co at a price of Rs.300 per thousand plates. Annual stapler sales have averaged 1,00,000 units and no change in the consumer demand is anticipated. Kirit Plast has informed Gaurav Plast that the purchase price of the plate shall be increased by Rs.100 per thousand plates on immediate effect. Gaurav Plast has unused plant capacity that is adequate to handle the production of plates. Management has requested the controller to prepare the feasibility study of producing plates internally. The controller was informed that another company in the area is willing to take on rent the unused plant space for storage purposes on an annual rent of Rs.5000. The controller assembled the following cost data which discloses that annual manufacturing costs for internal production of plates are Rs.41000 with following details for 1,00,000 units **15**

Raw materials Rs.8500

Direct Labour Rs.8000

Variable factory overhead Rs.10500

Fixed Overheads - Rs.14000

Prepare a statement showing annual costs to make plates, buy plates and cost increase or savings if plates are produced using marginal costing technique for decision making.

OR

Q.1 M/S Moon Ltd has following budget estimates for the year 2016-

Sales units - 45,000 **15**

Fixed expenses – Rs.102000

Sales Value - Rs.9,00,000

Variable costs – Rs 10 per unit

You are required to calculate P/V Ratio, Break Even Point and Margin of Safety. Also calculate revised P/V Ratio, Break Even Point and Margin of Safety if there is:

a) Increase in variable costs by 10%
b) Decrease in selling price by 15%
c) Increase in selling price by 10% and decrease in variable cost by 5%
d) Increase in Fixed Costs by 50%.

[P.T.O]

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Q.P. Code : 11884

Q.2 Following is the Balance sheet of M/s. Purav Products as on 31.12.2016:

Liabilities	Rs	Assets	Rs.
Capital	89,000	Fixed Assets	7,000
Creditors	14,000	Stock	51,000
		Debtors	30,000
		Cash	15,000
	1,03,000		**1,03,000**

Other relevant data is as follows:

a) Sales estimates are:

2017 Sales (Rs.)	2017 Sales (Rs.)	2017 Sales (Rs.)
January 48,000	March 66,000	May 60,000
February 54,000	April 72,000	

b) 40% of the Sales are on Cash basis and Credit Sales are collected in the month following their occurrence;

c) Cost of sales is 60% of Sales;

d) Inventory equivalent to next two months' budgeted Sales is kept at the end of each month;

e) Creditors are paid in the month following the purchases;

f) Ignore interest on any Overdraft or other financial help taken.

Prepare Patanjali Product's Cash budget for January, 2017 to March, 2017 on the basis of the aforesaid information.

OR

Q.2 The expenses budgeted for production of 10,000 units in a factory are furnished below:

	Per unit (Rs.)
Materials	60
Labour	30
Variable overheads	20
Fixed overheads	10
Variable overheads (Direct)	5
Selling Expenses (10% Fixed)	15
Distribution expenses (20% Fixed)	10
Administrative expenses	5
Total cost per unit	155

Prepare a budget for production of 8,000 units.

Q.3 Titbit Corporation has been permitted to run a mini bus in a route covering a distance of 20 of kms. (one-side). The mini bus has been purchased at a cost Rs. 10 lakh, which was financed by bank and other sources.

The annual charges for the mini bus are insurance Rs. 4,500, road-tax Rs. 3,000 and garage rent Rs. 2,000. Cost of repairs and maintenance is estimated at Rs. 15,000 p.a. while replacement of tyres and tubes will cost Rs. 700 p.m. Office expenses are estimated at Rs. 6,000 pm. Petrol and Oil will cost Rs, 5 per kilometre

Q.P. Code : 11884

Two drivers and two conductors are engaged at a monthly salary of Rs. 5,000 and Rs 3,500 each respectively. In additon, drivers and conductors are entitled to 5% commission on the sale of tickets.

The effective life of the vehicle is estimated at 5 years, at the end of which the vehicle will have scrap value of Rs. 1,00,000. The mini bus is 24 seater and is expected to run 6 two-way trips during the day for 25 days in a month, carrying its full load.

You are required to submit a passenger fare structure for approval by the transport authority, which allows 20% profit on net fare, Interest on loan Rs. 10,000 p.a. is also to be included as cost.

OR

Q.3 Following details are given for Product P: 15

	Standard (for 1 unit produced		Actual (for 10 unit produced)	
Material	Qty. (kgs.)	Price (per kg.)	Qty. (kgs.)	Price (per kg.)
X	50	10	600	15
Y	70	20	925	19
Z	100	30	900	32

Calculate all the Material variances

Q.4 A Rewrite the entire sentence selecting the most appropriate alternative with the given serial no.s without altering the order / sequence : 08

1. Fixed costs are fixed____________(totally / per unit / both of these)
2. For a monthly budget to be prepared for 6 consecutive months, Bank overdraft i.e. temporary finance as may be required ____________ be worked out at once for all 6 months simultaneously (can / cannot / may)
3. Depreciation accounting will ____________ effected in Cash budget (be/ not be)
4. ____________ budget can be prepared only after Production budget is ready (Purchase / Sales / Cash)
5. ____________ is the cost centre or cost unit in transport costing (Passenger-kms / tonne-kms. / room-days)
6. In a Tour by Bus business, the fuel cost will depend upon ____________ (passanger-kms / kilometers / total enterprise's investment)
7. The ____________ factor is known as the key factor (most scarce / least scarce / most liked)
8. ____________ will be Standing costs for a Tourism business (Fuel / Insurance / Oil and accessories)

B State whether following statements are **True** or **False**: 07

i. If an expense can be identified with specific cost of product, it is treated as direct expenses
ii. Fixed costs vary with volume rather than time
iii. Future costs are not relevant while making managerial decision
iv. In Zero based budget important reference is made to previous level of expenditure
v. There is no difference between direct and indirect labour
vi. Operating costing helps to fix the rates of carriage of goods and passengers
vii. Production budget is prepared before sales budget

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Q.P. Code : 11884

OR

Q.4 Write short notes on (any 3)

1. Master Budget
2. Marginal Costing
3. Profit Variance
4. Break Even Analysis
5. Service Costing

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