NOTE: 1- All questions are compulsory.
2- Figures to the right indicate marks.
3- Working notes are forming part of your answers.

Q1(a) Choose the correct alternative and rewrite it. (Any eight) (8)

1- Budgetary control helps the management in…
   a- Obtaining bank credit
   b- Issue of shares
   c- Getting grants from government

2- A key factor is one which restricts…
   a. The volume of production
   b. The volume of sales
   c. The volume of purchase

3- The process of budgeting not helps in the control of
   a. Cost of production
   b. Capital Expenditure
   c. Debt payment

4- If semi-variable cost at 60% level of production is Rs 40,000 and at 80% level is Rs 44,000. What will it be at 100% level of production?
   a. 45000
   b. 48000
   c. 51000

5- CVP analysis requires costs to be categarized as _____.
   a. Fixed or variable
   b. Direct or indirect
   c. Standard or actual

6- Contribution - Fixed Cost = _______
   a. Sales
   b. Profit
   c. Variable cost

7- In ________ the price can be fixed on the basis of only variable cost.
   a- Standard costing
   b- Marginal costing
   c- Process costing

8- If material price variance is R.s. 3000 (A) and actual price is R.s. 1.5 & actual quantity is 1500 unit. The standard material price will be ___________.
   a- 2.5
   b- 3.5
   c- 4.5

9- A standard cost is ______.
   a- The total amount that appears on the budget for product costs
   b- A pre-determined cost which is calculated from management's standards of efficient operation
   c- The total number of units x the cost expected

10- Sales quantity variance is equal to (______ Quantity - Revised Quantity) * Budgeted Price.
   a. Actual
   b. Standard
   c. Budgeted

Q1(b) State whether following statements are True or False. (Any seven) **(7)**

1- Budgetary control is costly for small organizations.
2- Cash Budget shows budgeted receipts and payments.
3- At BEP total cost is equal to total revenue.
4- Marginal cost is fixed cost.
5- At shutdown point operating loss is equal to loss due to shut down.
6- Decision to accept or reject export order depends on fixed cost only.
7- Excess of actual cost over standard cost is a favourable variance.
8- Material mix variance arises due to change in rate.
9- Idle time variance is always favourable.
10- Overheads include indirect material, labour and expenses.

Q2-A Niranjan foods products limited has prepared the following Sales Budget for the six months of 2023. **(15)**

Months	Sales (Units)
January	21,600
February	31,200
March	24,400
April	20,800
May	19,600
June	14,000

The inventory of finished products at the end of every month is equal to 25% of the sales estimate for the next month.
On 1 January 2023 there were 5,400 units of product on hand. There is no work in process at the end of any month.
Every unit of product requires two types of materials in the following quantities.
Material A: 4 kg.
Material B: 5 kg.

Material equal to 50% of the next month's consumption are to be in hand at the end of every month. Inventory of Material A and Material B on 1st January 2023 was maintained on that basis.
Budgeted prices for the purchase of material are
Material A: 3 per kg.
Material B: 2 per kg,
Stock of Material A and B on 1st January 2023 was 48,000 kg. and 60,000 kg.
Prepare materials Budget for the first quarter of 2023 in a logical form showing the quantities of each type of material to be purchased every month. Also prepare Production and Purchase Budget.

OR

Q2-B A company expects to have Rs. 37,500 cash in hand on 1st April, 2022 and requires you to prepare an estimate of cash position during the three months, April to June, 2022. The following information is supplied to you : **(15)**

	Sales Rs.	Purchases Rs.	Wages Rs.	Factory Expenses Rs.	Office Expenses Rs.	Selling Expenses Rs.
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

Other Information :

i. Period of credit allowed by supplier – 2 months
ii. 20% of the sales is for cash and period of credit allowed to customers for credit sales is one month
iii. Delay in payment of all expenses – 1 month
iv. Income tax of Rs. 57,500 is due to be paid on June 15th, 2022.
v. The company is to pay dividends to shareholders and bonus to workers of Rs. 15,000 and Rs. 22,500 respectively in the month of April
vi. Plant has been ordered to be received and paid in May. It will cost Rs. 1,20,000

From the following particulars you are required to calculate:

Q3-A **(15)**

1- Break Even sales
2- Profit volume ratio
3- Margin of safety for 2022
4- Sales to earn a profit of 10% on sales.
5- Profit when sales was Rs. 9,00,000.

Particulars	2021 (R.s.)	2022 (R.s.)
Total cost	3,24,000	4,68,000
Sales	3,60,,000	5,40,000

OR

Q3-B From the following particulars, find the most profitable product mix and prepare a statement of profitability of that product mix: **(15)**

Particulars	Product A	Product B	Product C
Units Budgeted to be produced and sold	1,800	3,000	1,200
Selling Price per unit Rs.	60	55	50
Requirement per unit:			
Direct Material	5 Kg	3 Kg	4 Kg
Direct Labour	4 hrs	3 hrs	2 hrs
Variable Overheads	Rs. 7	Rs. 13	Rs. 8
Fixed Overheads	Rs. 10	Rs. 10	Rs. 10
Cost of Direct Materials per Kg.	Rs. 4	Rs. 4	Rs. 4
Direct Labour hour rate	Rs. 2	Rs. 2	Rs. 2
Maximum Possible units of Sales	4,000	5,000	1,500

All the three products are produced from the same direct material using the same types of machines and labour. Direct labour, which is the key factor, is limited to 18,600 hours.

Q4-A From the following particulars, calculate material variances including mateial sub-variances. The standard mix required for a product is, Material A - 60% at standard price Rs. 40 per kg and Material B-40% at standard price Rs. 60 per kg. Normal Loss is 10% of total input. Actual output obtained during the period was 3,600 units for which Actual consumption of materials are: **(15)**

Material A 2,550 kgs @42 per kg

Material B-1,750 kgs @ 59 per kg.

OR

Q4-B Shruti Ltd. has furnished the following information for the month of May,2022. **(15)**

Particulars	Budget	Actual
Fixed overheads (Rs.)	40000	47300
Variable overheads (Rs.)	64000	73100
Hours	8000	8600
Output (units)	400	425

Calculate the following variances:

1- Fixed overhead variance
2- Fixed overhead volume variance
3- Fixed overhead expenditure variance
4- Variable overhead variance
5- Variable overhead expenditure variance

Q5-A	1-	Write advantages and disadvantages of marginal costing.	**(8)**
	2-	Distinguish between marginal costing and Absorption costing.	**(7)**

OR

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

a- Limiting factor
b- Break even chart
c- Disadvantage of standard costing
d- Zero based budgeting
e- Causes of Variance

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