

9. Labour Rate Variance _____
 a. (Standard Rate – Actual Rate) × Standard Quantity
 b. (Standard Rate – Actual Rate) × Actual Quantity
 c. (Standard Hours – Actual Hours) × Standard Rate
 d. (Standard Hours – Actual Hours) × Actual Rate
10. Fixed overhead cost variance = Fixed overhead Expenditure variance + _____
 a. Fixed overhead Calender variance
 b. Fixed overhead Efficiency variance
 c. Fixed overhead Volume variance
 d. Fixed overhead Capacity variance

Q1 (b) State whether the statements are True or False (Rewrite the sentence) (Any seven) (07)

1. P/V Ratio shows the relationship between contribution and sales.
2. Cash budget shows budgeted receipts only.
3. A production budget is prepared by the finance department.
4. Marginal cost includes total cost.
5. An increase in fixed cost brings down break even point.
6. Ideal product mix is decided in terms of variable cost.
7. Idle time variance is always adverse.
8. Make or buy decision only fixed cost is relevant.
9. In budgetary control, a budget manual is a document that sets out the responsibilities of executives engaged in the preparation of budgets.
10. Zero-base budgeting is more time-consuming than traditional budgeting but leads to better allocation of resources.

Q.2 (a) The following details are available for the month of April 2025: (15)

Particulars	Standard (100 units)		Actual (1,000 units)	
	Material	120 kg	Rs. 10 per kg.	1,250 kg
Labour	90 hrs	Rs 15 per hour	875 hrs	Rs 10 per hour

Calculate the appropriate Material and Labour variance

OR

Q.2 (b) The following information is available from the records of a factory:- (15)

Particulars	Budget	Actual
Fixed overhead (Rs)	30,000	32,000
Production (units)	3,000	3,100
Hours	6,000	6,150
No of Days	25	26

Compute all fixed overhead variances

Q3.(a) Prepare the Flexible Budget at 60% ,75% and 90% capacity level with per unit and also calculate profit from the following information of Krishna Ltd of April 2025. (15)

Capacity	60%		75%		90%	
Units	?		75,000		?	
	Amount (Rs)	Per Unit (Rs.)	Amount (Rs.)	Per Unit (Rs.)	Amount (Rs.)	Per Unit (Rs.)
Sales	?	30	?	30	?	30
Variable Cost :						
Direct Material	?	10	?	?	?	?
Direct Labour	?	?	?	5	?	?
Direct Expenses	?	?	?	?	?	3
Fixed Cost :						
Depreciation	?	?	?	?	1,00,000	?
Rent	2,00,000	?	?	?	?	?
Salaries	?	?	?	?	?	?
Semi-Variable Cost :						
Maintenance (60% Variable)	1,00,000	?	?	?	?	?
Power & Fuel (50% Fixed)	?	?	1,80,000	?	?	?
Total Cost	17,42,000	?	?	?	?	?

OR

Q3. (b) Ram Manufacturing Ltd. wants to prepare a cash budget for the three months: March to May 2025. The following budgeted sales and purchases are available (₹): (15)

Month	Sales (₹)	Purchases (₹)
January	3,00,000	1,80,000
February	4,00,000	2,20,000
March	4,50,000	2,50,000
April	5,00,000	2,70,000
May	6,00,000	3,00,000

Additional Information

1. Sales mix: 20% of sales are cash; 80% are credit.
2. Credit collections: Credit sales are realized 50% in next month, 45% in second month, and 5% bad debts.
3. Purchases payments: 25% are cash purchases, balance 75% are on credit (creditors are paid in the following month).

4. Wages: ₹50,000 per month, paid in the same month.
5. Factory expenses: ₹30,000 per month, paid one month in arrears.
6. Selling & admin expenses: ₹20,000 per month, paid in the same month.
7. Capital expenditure: New machinery of ₹1,50,000 will be purchased in March (cash).
8. Tax payment: ₹80,000 will be paid in April.
9. Dividend payment: ₹1,00,000 will be paid in May.
10. Opening cash balance (1st March): ₹1,65,000.

Q4) (a) Shiva Ltd furnishes you the following information

(15)

	2023	2024
Sales (Rs.)	16,20,000	20,52,000
Profit earned (Rs.)	43,200	1,29,600

From the above you asked to compute the following assuming that the fixed cost remains the same in both the periods

1. Profit /Volume Ratio
2. Fixed cost
3. Amount of profit or loss when sales are Rs 14,96,000
4. Amount of sales required to earn a profit of Rs 3,58,000
5. BEP for the whole year

OR

Q4) (b) From the following information available of Karishma Ltd :

(15)

Particulars	Product A (Per Unit) (Rs.)	Product B (Per Unit) (Rs.)
Direct material	64	80
direct wages	32	40
Variable Cost	24	40
Selling Price	160	220

Total Fixed Cost Rs.20,000.

From the following alternatives which sales mixes will bring higher profit?

1. 600 units of 'A' and 600 units of 'B'
2. 800 units of 'A' and 400 units of 'B'
3. 400 units of A and 800 units of 'B'
4. 1200 units of B

Q5 (a) Difference between absorption costing and marginal costing ?

(8)

(b) What is budgetary control and its features?

(7)

OR

Q5 (c) Write short notes on (Any 3)

(15)

1. Break Even chart
2. Standard costing as a tool for cost control
3. Margin of Safety
4. Key Factor
5. Master Budget & Cash Budget
