TyBAF. - 8

Q. P. Code: 39726

[Time: 2.30 Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. All questions are compulsory.
2. Each questions carries 15 marks.
3. Figures to the right indicate full marks.
4. Use simple calculator.
5. Working should form part of answer.

Q1 (A) Fill in the Blank (Any 8) Rewrite the sentence **(8)**

1. "__________________ Budget is a budget of income or expenditure appropriate to, or the responsibility of, a particular function" (Master/Functional)
2. CIMA has defined a _______________ Factor as – " the factor the extent of whose influence must first be assessed in order to ensure that the functional budget are reasonably capable of fulfilment"(key/variable)
3. ____________________ Cost is the amount by which total cost changes if the output is changed by one unit.(Marginal/Standard)
4. An increase in the selling price per unit will ______________ P/V Ratio.(increase/decrease)
5. Contribution is equal to profit plus ___________(Variable cost/Fixed cost)
6. Standard cost refers to ________(Pre- determined cost/sunk cost)
7. Labour rate variance is due to change in ____________(hours/rate)
8. The most profitable sales mix is one which gives maximum __________________ (Contribution/Sales)
9. No past reference is considered while preparing __________(sales budget/zero base budget)
10. Production Budget is expressed in _____________________.(quantity/amount & quantity)

Q1 (B) State whether statements are True or False (Any 7) Re write the sentence **(7)**

1. Master Budget is a budget which is designed to remain unchanged irrespective of the level of capacity.
2. Idle time variance is always favourable.
3. The basic difference between a fixed budget and a flexible budget is that a fixed budget is a budget for a single level of activity, while a flexible budget consists of several budgets based on different activity levels.
4. Sales budget provides the necessary input data for the Direct Labour Budget.
5. If a company increases fixed cost, then the breakeven point will be lower.
6. Cash budget includes estimated receipts and estimated payments.
7. In marginal costing the price can be fixed on the basis of only variable costs.
8. Standard Costing technique uses standards for cost and revenues for the purpose of control.
9. Margin of safety indicates profit.
10. A negative Sales variance is said to be favourable.

Q2(A). The turnover and profits during the two periods were as follows

	Sales (Rs.)	**Profit (Rs.)**
Period I	40 Lakhs	4 Lakhs
Period II	60 Lakhs	8 Lakhs

Assuming that the cost structure and selling prices remain the same in the two periods, calculate

1. Profit Volume Ratio
2. Break Even Point of sales
3. The sales required to earn profit of Rs. 10 Lakhs
4. Margin of Safety in Period II
5. Profit when sales are Rs. 50 Lakhs

(15)

OR

Q2 (B). From the following particulars find the most profitable product mix and prepare a statement of profitability of the product mix:

	Product A Rs.	**Product B Rs.**	**Product C Rs.**
Units budgeted to be produced and sold	1800	3000	1200
Selling price per unit Rs.	60	55	50
Requirement per unit:			
Direct Material	5 kg	3 kg	4kg
Direct Labour	4 hrs.	3 hrs.	2 hrs.
Variable Overhead	7	13	8
Fixed Overhead	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 the same type of machines and labour. Direct labour, which is the key factor, is limited to 18,800 hours.

(15)

Q3(A) Shangrilla Foods Products Limited has prepared the following sales Budget for the first five months of 2018.

Sales Budget (in Units)

January	10,800
February	15,600
March	12,200
April	10,400
May	9,800

The inventory of finished products at the end of every month is to be equal to 25% of the sales estimate for the next month. On 1st January 2018, there were 2,700 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 one-half of the next month's production are to be in hand at the end of every month. This requirement was met on 1st January 2018.

Budgeted prices for the purchase of materials are

Material A : Rs.3 per kg., Material B : Rs.2 per Kg.

Prepare Purchase budget for first quarter of 2018 January to March

(Quantity and Value) **(15)**

OR

Q3(B) Excellent Manufacturers can produce 4000 units of a certain product at 100% capacity. The following information is obtained from the books of account:

Units Produced	**August-18 2800 Rs.**	**September 2018 3600 Rs.**
Repairs and Maintenance	500	560
Power	1800	2000
Shop Labour	700	900
Consumable Stores	1400	1800
Salaries	1000	1000
Depreciation	1400	1400

Production per hour is 10 units. Direct material cost per unit is Rs. 1 and Direct wages per hour Rs. 4. You are required to:

Compute the cost of production at 100%, 80% and 60% capacity showing the variable, fixed and semi-variable cost **(15)**

Q4 (A). The details are available from the records of Binny Ltd. Engaged in manufacturing article 'S' for the month of April, 2018. The standard data and actual data are as follows:

	Standard (100 units)		Actual (1000 units)	
Material	Quantity 120 kg	Rate per kg Rs. 10	Quantity 1250	Rate per kg Rs. 9.5
Labour	Hours 90	Rate per Hour Rs. 15	Hours 875	Rate per hour Rs. 100

Calculate Material and Labour Variance. **(15)**

OR

Q4 (B) In department 'A' of a plant the following data are submitted for the week ended 31st March, 2018

Standard Output for 40 hours per week	1400 units
Budgeted Fixed Overheads	Rs. 1400
Actual output	1200 units
Actual Hours worked	32 hours
Actual fixed Overheads	Rs. 1500

You are required to prepare a statement of variances **(15)**

Q5. (A) State the steps in budgetary control system? **(8)**

(B) What are the benefits of Standard Costing? **(7)**

OR

Q5. Write short notes (Any 3) **(15)**

(a) Sales Variance
(b) Break even chart
(c) Absorption Costing Vs. Marginal Costing
(d) Limiting Factor
(e) Decision making in marginal costing
