Solution to QP 37089

Q 1 A) True - 6, 8, 9, 10

False - 1, 2, 3, 4, 5, 7

B) 1 - g, 2 - a, 3 - f, 4 - b, 5 - h, 6 - e, 7 - c, 8 - i, 9 - J, 10 - d

Q.2.

Particulars	Units	Rs.		Rate per unit
Raw material consumed				
Opening stock		62800		
+ Purchase		185000		
+ carriage inward		7150		
(-) closing stock		(48000)	206950	
Direct wages			126000	
Prime cost			332950	
+ Factory overheads				
Drawing office salaries		6500		
Repairs of plant, Machinery tools		4450		
Rent, Rates & Taxes		8500		
Depreciation on plant & Machinery tools		6500		
Gas and water charges		1200		
Manager salary (10000 x ¾)		7500	34650	
Work cost			367600	
+ Office & administration overheads				
Counting house salary		12600		
Rent, Rates, taxes		2000		
		2100		

Work expenses	15750	
Depreciation	4455	20205
Work cost		64995
+ office overheads		900
Administration expenses		2385
Cost of production		
+ Selling & distribution		11250
Selling expenses		82925
Total cost		29655
+ Profit		112580
Sales		

08 marks

Reconciliation statement

Particulars	Rs	Rs
Net profit as per cost Accounts		29655
Add :- 1 Selling expenses overvalued in cost A/c	600	
2 Profit on sale of machinery	3900	34155
Less :- 1 Closing stock overvalued in cost A/c	300	
2 Depreciation undervalued in cost A/c	450	
3 Work expenses undervalued in cost A/c	2475	
4 Administration expenses undervalued in cost A/c	550	(3705)
Net profit as Per Financial A/c		30450

07 marks

Q.3 Sales 200000

(-)Variable cost

Direct material (60000)

Direct labour (40000)

Variable overheads

Factory (20000)

Administration (30000)

contribution 50000

(-) Fixed cost (30000)

Profit 20000 03

a) PV ratio= Contribution X 100 / sales

50000 X 100 / 200000

= 25% 03

b) BEP in RS = Fixed cost / P/V Ratio

= 30000 / 25%

= 120000 03

c) Profit = 20000

d) Profit @ 75% capacity

Contribution 80 — 50000 = 46875

75 — ?

(-) Fixed Cost (30000)

Profit 16875 03

e) Profit @ 100% capacity

Contribution 80 — 50000 = 62500

100 — ?

(-) Fixed Cost (30000)

Profit 32500 03

OR

Q.3.

Year	Sales (Rs.)	Profit (Rs.)
2016	400000	40000
2017	600000	80000
Difference	200000	40000

a) P/V Ratio = Change in Profit = 40000 X 100 / 200000 = 20%

Change in Sales

Fixed cost

Sales	400000	600000
(-) V.C	?	?
Contribution	?	?
(-) Fixed cost	?	?
Profit	40000	80000

PV Ratio = Contribution X 100
Sales

20% = Contribution X 100
400000

= 80000

Fixed Cost = Contribution – Profit
= 80000 – 40000
= 40000

b) BEP in Rs. = Fixed cost
P/V Ratio

= 40000
20%

= 200000

a) Sales to earn profit Rs. 12000

Sales	260000
(-) Variable cost	(208000)
Contribution	52000
(-) Fixed	(40000)
Profit	12000

P/V ratio = Contribution X 100
Sales

20% = 52000
Sales

= 260000

b) Profit if sales Rs. 750,000

P/V ratio = Contribution X 100
Sales

20% = Contribution
750000

= 150000

Profit = Contribution – Fixed cost
150000 – 40000
= 110000

Q.4. Standard quantity for actual output

	Actual quantity	Revised Standard quantity
A = 10 kg : 8 kg / 1000kg : ? = 800 kg	750kg	1250 x 800 = 833 / 1200
B = 10 kg : 8kg / 1000kg : ? = 400 kg / 1200 kg	500 kg / 1250kg	1250 x 400 = 417 / 1200

1) MCV = (SQ x SP) – (AQ x AP)
A = (800 x 6) – (750 x 7) = 750 (A)
B = (400 x 4) – (500 x 5) = 900 (A)
1350 (A)

2) MUV = (SQ – AQ) x SP
A = (800 – 750) x 6 =300 (F)
B = (400 – 500) x 4= 400 (A)
100 (A)

3) MPV = (SP – AP) x AQ
A = (6 – 7) x 750 = 750 (A)
B = (4 – 5) x 500 = 500 (A)
1250 (A)

Verification
MCV = MPV + MUV
1350 (A) = 1250 (A) + 100 (A)

4) MMV = (RSQ – AQ) x SP
A = (833 – 750) x 6 = 498 (F) 500 (F)
B = (417 – 500) x 4 = 332 (A) 333.33 (A)
166 (F) 166.66 (F)

5) MYV = (SQ – RSQ) x SP
A = (800 – 833) x 6 = 198 (A)
B = (400 – 417) x 4 = 68 (A)
266(A)

OR (104.66 – 100) × 54/10 = 266.66 (A)

Verification
MUV = MMV + MYV
100 (A) = 166 (F) + 266 (A)

OR

12 → 10
270 → ?

Q.4. a) MCV = (SQ x SP) – (AQ x AP)
A = (600 x 5) – (580 x 5.50) = 190 (A)
B = (90 x 3) – (100 x 2.80) = 10 (A)
200(A)

b) MPV = (SP – AP) x AQ
A = (5 – 5.50) x 580 = 290 (A)
B = (3 – 2.80) x 100 = 20 (F)
270 (A)

c) MUV = (SQ – AQ) x SP
A = (600 – 580) x 5 = 100 (F)
B = (90 – 100) x 3 = 30 (A)
70 (F)

Verification
MCV = MPV + MUV
200 (A) = 270(A) + 70 (F)

LCV = (SH x SR) – (AH – AR)
A = (80 x 2) – (90 x 1.75) = 1 (A)
B = (16 X 2.8) – (14 X 2) = 16.8 (F) 15.8 (F)

LRV = (SR – AR) X AH
A = (2 -1.75) X 92 = 23 (F)
B = (2.8 – 2) X 14 = 11.2 (F) 34.2 (F)

Q - 5 Theory