



Q1. A. Multiple Choice Questions: (Any 8)

8 Marks

1. Fixed Overheads
2. Facility
3. To break apart and investigate
4. All of the above
5. All of the above
6. Greek
7. (Standard Hours – Actual hours) X Standard Rate
8. Cost
9. Direct
10. Zero

B. True and False (Any 7)

7 Marks

1. False
2. False
3. False
4. True
5. True
6. True
7. True
8. False
9. False
10. False

Q2. A

15 Marks

(1) Machine Department Cost Apportionment

Activity	Calculations	Amount (Rs.)
Set up	252000 X 4/9	112000
Store Receiving	252000 X 3/9	84000
Inspection	252000 X 2/9	56000
Total		252000

(2) Total Number of Requisition = Requisition per product X No. of Products
= 100 X 4 = 400

(3) Number of production runs = $\frac{\text{Total Units}}{\text{No. of units per production run}}$
= $\frac{2880+2400+1920+2016}{96}$
= $\frac{9216}{96} = 96$

Particulars	Costs				
	Machine Dept	Set-up	Store Receiving	Inspection	Material Handling and Dispatch
Cost	252000	80000	60000	40000	10368
+/- Apportioned	(252000)	112000	84000	56000	--
Net Cost	Zero	192000	144000	96000	10368

Calculation of Cost Driver Rate

Cost	Cost Driver	Calculation	Cost Driver Rate (Rs.)
Set-up	Number of production run (in batches)	192000/96	2000
Store Receiving	Number of Requisitions Raised	144000/400	360
Inspection	Number of Production run	96000/96	1000
Material Handling and Dispatch	Number of orders executed	10368/384	27

2. Working Notes:

Targeted Return Per Annum = Capital Invested X ROI%

= [600000 + 50000 + 150000] X 15%

= 800000 X 15% = Return = Rs. 1,20,000

Particulars	Total Amount Rs. (2000 units p.a.)	Per Unit (Rs.)
Variable Cost		125
Add: Divisional Fixed Cost	80000	40

3 Q4
1. A

Flexible Budget				
Particulars	50% (Given)	60%	70%	90%
Capacity Levels				
Variable Expenses				
Materials	200000	240000	280000	360000
Labour	250000	300000	350000	450000
Others	40000	48000	56000	72000
Total Variable Expenses (A)	490000	588000	686000	882000
Semi Variable Expenses				
Repairs	100000	100000	110000	115000
Indirect Labour	150000	150000	165000	172500
Others	90000	90000	99000	103500
Total Semi Variable Expenses (B)	340000	340000	374000	391000
Fixed Expenses				
Salaries	50000	50000	50000	50000
Rent and Taxes	40000	40000	40000	40000
Depreciation	60000	60000	60000	60000
Administration Expenses	70000	70000	70000	70000
Total Fixed Expenses (C)	220000	220000	220000	220000
Total Cost (A+B+C)	1050000	1148000	1280000	1493000
Add/Less: Profit/(Loss)	NA	(48000)	20000	7000
Sales	NA	1100000	1300000	1500000

OR

2 B

i) $\text{Material Cost Variance} = (\text{SR} \times \text{SQ}) - (\text{AR} \times \text{AQ})$

2 B

Particulars	31.03.2004 (Rs.)	31.03.2005 (Rs.)
Sales	2223000	2451000
(-) Total Cost	1983600	2143200
Profit	239400	307800

(i) $\text{P/V Ratio} = \frac{\text{Difference in Profit}}{\text{Difference in Sales}}$

$= \frac{68400}{228000}$

$= 0.3$

Particulars	31.03.2004 (Rs.)	31.03.2005 (Rs.)
Sales	2223000	2451000
(-) Variable Cost	1556100	1715700
Contribution (0.35)	666900	735300
(ii) (-) Fixed Cost	427500	427500
Profit	239400	307800
(iii) Fixed Cost to Sales	0.19 or 19.23%	0.17 or 17.44 %
(iv) BEP = Fixed Cost/ P/V	1425000	1425000
(v) MOS = Profit/ P/V	798000	1026000

Q3. 1. A

Particulars	ABC Ltd			XYZ Ltd		
	150	120	180	150	120	180
Sales	150	120	180	150	120	180
(-) Variable cost	120	96	144	100	80	120
Contribution	30	24	36	50	40	60
(-) Fixed Cost	15	15	15	35	35	35
Profit	15	9	21	15	05	25
P/V Ratio	0.2			0.33		
BEP	75			105		
MOS	75			45		
MOS %	50%			30%		
Recommendation	Low Demand, Great Profit			High Demand, Greater Profit		

OR

2 B

8 Marks

Marginal Cost Sheet

Particulars	Product A	Product B
Sales	80	60
Less: Variable Cost		
Material	16	12
Wages:		
A: 48 Hours @ 50 Paise	24	--
B: 32 Hours @ 50 paise	--	16
Other Variable expenses @ 150% of Wages		
A: 24 X 150%	36	--
B: 16 X 150%	--	24
	76	52
Contribution	4	8

Sales Mix

- (a) 250 units of A and 250 Units of B
- A: 250 X 4 = 1000
- B: 250 X 8 = 2000
- Total Contribution 3000
- Less: Total Fixed Cost = 1500
- Profit 1500
- (b) 200 units of A and 300 units of B
- A: 200 X 4 = 800
- B: 300 X 8 = 2400
- Total Contribution 3200
- Less: Total Fixed Cost = 1500
- Profit 1700
- (c) 150 units of A and 350 Units of B
- A: 150 X 4 = 600