



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

## MASTER OF BUSINESS ADMINISTRATION

### TUTORIAL QUESTION BANK

<b>Course Title</b>	<b>STRATEGIC MANAGEMENT ACCOUNTING</b>				
<b>Course Code</b>	<b>CMBB35</b>				
<b>Programme</b>	B.Tech				
<b>Semester</b>	III	MBA			
<b>Course Type</b>	CORE				
<b>Regulation</b>	<b>IARE - R18</b>				
<b>Course Structure</b>	<b>Theory</b>			<b>Practical</b>	
	<b>Lectures</b>	<b>Tutorials</b>	<b>Credits</b>	<b>Laboratory</b>	<b>Credits</b>
	4	-	4	-	-
<b>Chief Coordinator</b>	Ms. G Joseph Mary, Assistant Professor				
<b>Course Faculty</b>	Ms. G Joseph Mary, Assistant Professor				

### COURSE OBJECTIVES:

<b>The course should enable the students to:</b>	
I	Develop an insight of principles of cost accounting and management accounting for effective management control, profit planning and decision making.
II	Understand allocation and apportionment of overheads for cost analysis and cost control.
III	Demonstrate, interpret and analyze the unit costing, job costing and marginal costing in terms of cost Control and profit planning.
IV	Design and use of break even analysis techniques for solving various business problems.
V	Appreciate and Use budgetary control techniques in fixing the goals for the organization as whole and concerned efforts are made for its achievements.

**COURSE OUTCOMES (COs):**

CMBB35.01	Understand the objectives, importance and limitations of cost accounting, financial accounting and management accounting.
CMBB35.02	Distinguish between financial accounting, cost accounting and management accounting.
CMBB35.03	Discuss the role of accounting information in planning and control.
CMBB35.04	Examine the classification, allocation and apportionment of overheads for the purpose of knowing machine hour rate and cost of production.
CMBB35.05	Describe the significance and limitations of unit costing, job costing, process costing, and cost sheet.
CMBB35.06	Enumerate the applications of marginal costing in terms of specific fixed assets, cost control, suitable product mix, and profit planning and closing down or suspending activities.
CMBB35.07	Identify the assumptions, advantages and limitations of break even analysis and inter firm Comparisons.
CMBB35.08	Discuss the classification of various types of budgets like flexible budget, cash budget, production budget, sales budget, significance of zero based budgeting.
CMBB35.09	Illustrate the inferential methods relating to the means of normal distributions.
CMBB35.10	Describe the mapping of normal distribution in real-world problem to analyze the stock market.

## TUTORIAL QUESTION BANK

### UNIT-I

#### MANAGEMENT ACCOUNTING VS. COST ACCOUNTING

##### Part - A (Short Answer Questions)

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes (COs)
1.	Define financial accounting. Describe the meaning and limitations of financial	Remember	CMBB35.01
2.	Define cost accounting. List out the advantages and limitations of cost accounting.	Understand	CMBB35.01
3.	Examine the meaning, importance of apportionment of Overheads.	Remember	CMBB35.02
4.	Define Overheads.	Remember	CMBB35.02
5.	Explain different types of cost elements.	Remember	CMBB35.01
6.	Define Cost accountancy.	Remember	CMBB35.01
7.	Discuss the meaning and functions of management accounting.	Remember	CMBB35.02
8.	Write the allocation of overhead under ABC system.	Remember	CMBB35.02
9.	Discuss the limitations of management accounting.	Remember	CMBB35.01
10.	Examine different types of costing used in industries.	Remember	CMBB35.01
11.	Distinguish between Primary Distribution and Secondary Distribution.	Remember	CMBB35.02
12.	Explain the role of accounting information in planning and control.	Remember	CMBB35.02
13.	Discuss the classification of costs for managerial use.	Understand	CMBB35.01
14.	Examine different types of cost concepts.	Understand	CMBB35.01
15.	State the classification of overheads.	Remember	CMBB35.02
16.	Demonstrate the meaning of cost drivers.	Understand	CMBB35.02
17.	State the meaning of direct expenditure and indirect expenditure.	Understand	CMBB35.01
18.	Examine the allocation and apportionment of overheads.	Remember	CMBB35.01
19.	Distinguish between management accounting and financial accounting.	Understand	CMBB35.02
20.	Explain the role of accounting information in planning and control.	Remember	CMBB35.02

##### Part - B (Long Answer Questions)

1.	Examine the classification, allocation and apportionment of overheads for the purpose of knowing machine hour rate and cost of production	Understand	CMBB35.1
2.	Discuss the significance of activity based costing with characteristics and advantages.	Remember	CMBB35.1
3.	What is Machine hour rate State the advantages of machine hour rate.	Understand	CMBB35.1
4.	Define Overheads and types of overheads and Describe about. Secondary Distribution of Overheads.	Understand	CMBB35.1
5.	Define management accounting. Describe the nature and scope of management	Understand	CMBB35.1
6.	Discuss fully 'machine hour rate method' of absorption of overheads. How will you compute the machine hour rate	Remember	CMBB35.1
7.	What do you understand by 'Secondary Distribution Summary'? What are the methods of the same?	Remember	CMBB35.2
8.	Define cost accounting. And Explain Role of accounting information in planning and	Understand	CMBB35.1

	control.		
9	Explain the secondary distribution of overheads in cost accounting.	Remember	CMBB35.1
10	Discuss different types of costing used in industries.	Understand	CMBB35.1
11	Distinguish between cost accounting and management accounting	Understand	CMBB35.1
12	Critically examine the cost concepts and classification of costs for managerial use.	Understand	CMBB35.1
13	Explain a] Direct Material Cost and b] Prime Cost Method of absorption of overheads .	Remember	CMBB35.1
14	Elaborate the cost pools in Activity base costing	Understand	CMBB35.1
15	Explain Activity Based Costing versus traditional costing	Understand	CMBB35.1
16	Discuss the functions and objectives of management accounting.	Understand	CMBB35.2
17	Explain the meaning, importance and limitations of management accounting.	Understand	CMBB35.2
18	Examine the differences between cost accounting, management accounting and financial accounting.	Remember	CMBB35.2
19	Discuss about Reciprocal method and Simultaneous Equation Method?	Understand	CMBB35.2
20	What do you understand by 'overheads'? How will you classify them?	Understand	CMBB35.2
<b>Part - C (Problem Solving and Critical Thinking Questions)</b>			
1.	Define management accounting. Explain the meaning, importance and limitations of Management accounting.	Remember	CMBB35.1
2.	<p>Prepare a Cost Sheet for the year ended 31.3.86 from the following figures extracted from the books of Best Engineering Co.</p> <p><b>Opening Stock:</b> Raw Material 40,350, Work-in-Progress 15,000 and Finished Stock 35,590.</p> <p><b>Cost incurred during the period:</b> Materials purchased 2,50,000, Wages paid 2,00,000, Carriage inward 2,000, Consumable Stores 10,000, Wages of Storekeeper 7,000, Depreciation of Plant &amp; Machinery 10,000, Materials destroyed by Fire 5,000, Repairs &amp; Renewals 5,010, Office Manager's Salary 10,000, Salary to Office Staff 20,500, Printing &amp; Stationary 10,000, Power 10,500, Lighting for Office Building 2,000, Carriage outward 3,000, Freight 5,000, Entertainment 2,500, Warehousing charges 1,500, Legal charges 2,000, Expenses for participating in Industrial exhibition-6,000.</p> <p><b>Closing Stock:</b> (i) Raw material 35,000, (ii) Work-in-Progress 14,500, and (iii) Finished Stock 40,030. Profit 25% on cost.</p>	Remember	CMBB35.1

3.	<p>From the following information for the month of January, prepare a Cost Sheet to show the following components: (a) Prime Cost, (b) Factory Cost, (c) Cost of Production, (d) Total Cost.</p> <table border="1" data-bbox="331 247 977 722"> <tr><td>Direct material</td><td>57,000</td></tr> <tr><td>Direct wages</td><td>28,500</td></tr> <tr><td>Factory rent and rates</td><td>2,500</td></tr> <tr><td>Office rent and rates</td><td>500</td></tr> <tr><td>Plant repairs and maintenance</td><td>1,000</td></tr> <tr><td>Plant depreciation</td><td>1,250</td></tr> <tr><td>Factory heating and lighting</td><td>400</td></tr> <tr><td>Factory manager's salary</td><td>2,000</td></tr> <tr><td>Office salaries</td><td>1,600</td></tr> <tr><td>Director's remuneration</td><td>1,500</td></tr> <tr><td>Telephone and postage</td><td>200</td></tr> <tr><td>Printing and stationery</td><td>100</td></tr> <tr><td>Legal charges</td><td>150</td></tr> <tr><td>Advertisement</td><td>1,500</td></tr> <tr><td>Salesmen's salaries</td><td>2,500</td></tr> <tr><td>Showroom rent</td><td>500</td></tr> <tr><td>Sales</td><td>1,16,000</td></tr> </table>	Direct material	57,000	Direct wages	28,500	Factory rent and rates	2,500	Office rent and rates	500	Plant repairs and maintenance	1,000	Plant depreciation	1,250	Factory heating and lighting	400	Factory manager's salary	2,000	Office salaries	1,600	Director's remuneration	1,500	Telephone and postage	200	Printing and stationery	100	Legal charges	150	Advertisement	1,500	Salesmen's salaries	2,500	Showroom rent	500	Sales	1,16,000	Understand	CMBB35.1																																																						
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4.	<p>A company has three production departments A, B and C and two service departments, X and Y. The following data are extracted from the records of the company for a particular period.</p> <table border="1" data-bbox="269 831 1040 1131"> <thead> <tr> <th>S. No.</th> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr><td>01</td><td>Rent and Taxes</td><td>25,000</td></tr> <tr><td>02</td><td>General lighting</td><td>3,000</td></tr> <tr><td>03</td><td>Indirect Wages</td><td>7,500</td></tr> <tr><td>04</td><td>Power</td><td>7,500</td></tr> <tr><td>05</td><td>Depreciation of Machinery</td><td>50,000</td></tr> <tr><td>06</td><td>Sundries</td><td>50,000</td></tr> </tbody> </table> <p><b>Additional Data</b></p> <table border="1" data-bbox="211 1199 1097 1493"> <thead> <tr> <th>Particulars</th> <th>Total</th> <th>Dept.A</th> <th>Dept.B</th> <th>Dept.C</th> <th>Dept.X</th> <th>Dept.Y</th> </tr> </thead> <tbody> <tr><td>Direct Wages (Rs.)</td><td>50,000</td><td>15,000</td><td>10,000</td><td>15,000</td><td>7,500</td><td>2,500</td></tr> <tr><td>Horsepower of Machines</td><td>150</td><td>60</td><td>30</td><td>50</td><td>10</td><td>—</td></tr> <tr><td>Cost of Machinery (Rs.)</td><td>12,50,000</td><td>3,00,000</td><td>4,00,000</td><td>5,00,000</td><td>25,000</td><td>25,000</td></tr> <tr><td>Production hrs worked</td><td>—</td><td>6226</td><td>4028</td><td>4066</td><td>—</td><td>—</td></tr> <tr><td>Floor space (sq.mtrs)</td><td>10,000</td><td>2,000</td><td>2,500</td><td>3,000</td><td>2,000</td><td>500</td></tr> <tr><td>Lighting points (Nos.)</td><td>60</td><td>10</td><td>15</td><td>20</td><td>10</td><td>05</td></tr> </tbody> </table> <p style="text-align: center;"><b>Service Departments' Expenses Allocation :-</b></p> <table border="1" data-bbox="402 1560 854 1688"> <thead> <tr> <th>Department</th> <th>A</th> <th>B</th> <th>C</th> <th>X</th> <th>Y</th> </tr> </thead> <tbody> <tr><td>X (%)</td><td>20</td><td>30</td><td>40</td><td>—</td><td>10</td></tr> <tr><td>Y (%)</td><td>40</td><td>30</td><td>20</td><td>10</td><td>—</td></tr> </tbody> </table> <p>Prepare primary and secondary distribution summary according to repeated distribution System.</p>	S. No.	Particulars	Amount (Rs.)	01	Rent and Taxes	25,000	02	General lighting	3,000	03	Indirect Wages	7,500	04	Power	7,500	05	Depreciation of Machinery	50,000	06	Sundries	50,000	Particulars	Total	Dept.A	Dept.B	Dept.C	Dept.X	Dept.Y	Direct Wages (Rs.)	50,000	15,000	10,000	15,000	7,500	2,500	Horsepower of Machines	150	60	30	50	10	—	Cost of Machinery (Rs.)	12,50,000	3,00,000	4,00,000	5,00,000	25,000	25,000	Production hrs worked	—	6226	4028	4066	—	—	Floor space (sq.mtrs)	10,000	2,000	2,500	3,000	2,000	500	Lighting points (Nos.)	60	10	15	20	10	05	Department	A	B	C	X	Y	X (%)	20	30	40	—	10	Y (%)	40	30	20	10	—	Understand	CMBB35.1
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5	<p>The company has two overhead departments whose costs are listed below:</p> <table border="1" data-bbox="321 216 990 346"> <tr> <td>Manufacturing overhead</td> <td>\$5,00,000</td> </tr> <tr> <td>Selling and administrative overhead</td> <td>\$300,000</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td><b>Total overhead costs</b></td> <td><b>\$8,00,000</b></td> </tr> </table> <table border="1" data-bbox="203 378 1104 634"> <thead> <tr> <th colspan="6"><b>Distribution of Resource Consumption Across Activity Cost Pools</b></th> </tr> <tr> <th></th> <th><b>Assembling Units</b></th> <th><b>Processing Orders</b></th> <th><b>Supporting Customers</b></th> <th><b>Other</b></th> <th><b>Total</b></th> </tr> </thead> <tbody> <tr> <td>Manufacturing overhead</td> <td>50%</td> <td>35%</td> <td>5%</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Selling and administrative overhead</td> <td>10%</td> <td>45%</td> <td>25%</td> <td>20%</td> <td>100%</td> </tr> <tr> <td>Total activity</td> <td>1,000 units</td> <td>250 orders</td> <td>100 customers</td> <td>--</td> <td>--</td> </tr> </tbody> </table> <ol style="list-style-type: none"> <li>1. Perform the first stage allocation of overhead costs to the activity cost pools.</li> <li>2. Compute activity rates for the activity cost pools.</li> <li>3. OfficeMart is one of the Ferris Corporation's customers. Last year OfficeMart ordered filing cabinet four different times. OfficeMart ordered a total of 80 cabinets during the year. Construct a table showing the overhead costs of these 80 units and four orders.</li> </ol>	Manufacturing overhead	\$5,00,000	Selling and administrative overhead	\$300,000			<b>Total overhead costs</b>	<b>\$8,00,000</b>	<b>Distribution of Resource Consumption Across Activity Cost Pools</b>							<b>Assembling Units</b>	<b>Processing Orders</b>	<b>Supporting Customers</b>	<b>Other</b>	<b>Total</b>	Manufacturing overhead	50%	35%	5%	10%	100%	Selling and administrative overhead	10%	45%	25%	20%	100%	Total activity	1,000 units	250 orders	100 customers	--	--	Understand	CMBB35.1																											
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6	<p>In a factory there are three production departments X, Y, Z, and one service department S. The following figures are available for one month of 25 working days of 8 hours each day. All departments work all these days with full attendance.</p> <table border="1" data-bbox="175 1077 1047 1297"> <thead> <tr> <th><b>Particulars</b></th> <th colspan="4"><b>Amount (Rs.)</b></th> </tr> </thead> <tbody> <tr> <td>Power and lighting</td> <td colspan="4">1100</td> </tr> <tr> <td>Supervisor salary</td> <td colspan="4">2000</td> </tr> <tr> <td>Rent</td> <td colspan="4">500</td> </tr> <tr> <td>Welfare</td> <td colspan="4">600</td> </tr> <tr> <td>Others</td> <td colspan="4">1200</td> </tr> </tbody> </table> <p>The following information is available in respect of 4 departments.</p> <table border="1" data-bbox="219 1402 1047 1785"> <thead> <tr> <th><b>Particulars</b></th> <th><b>X</b></th> <th><b>Y</b></th> <th><b>Z</b></th> <th><b>S</b></th> </tr> </thead> <tbody> <tr> <td>Area (in sq.metr)</td> <td>500</td> <td>600</td> <td>800</td> <td>600</td> </tr> <tr> <td>No. of workers</td> <td>10</td> <td>30</td> <td>40</td> <td>20</td> </tr> <tr> <td>Supervisor salary</td> <td>20%</td> <td>30%</td> <td>30%</td> <td>20%</td> </tr> <tr> <td>Service rendered by department to production departments</td> <td>50%</td> <td>30%</td> <td>20%</td> <td>---</td> </tr> <tr> <td>Power and lighting</td> <td>240</td> <td>200</td> <td>300</td> <td>360</td> </tr> <tr> <td>Others</td> <td>200</td> <td>200</td> <td>400</td> <td>400</td> </tr> </tbody> </table> <p style="text-align: center;">Table -5</p> <p>Calculate labour hour rate for each production department</p>	<b>Particulars</b>	<b>Amount (Rs.)</b>				Power and lighting	1100				Supervisor salary	2000				Rent	500				Welfare	600				Others	1200				<b>Particulars</b>	<b>X</b>	<b>Y</b>	<b>Z</b>	<b>S</b>	Area (in sq.metr)	500	600	800	600	No. of workers	10	30	40	20	Supervisor salary	20%	30%	30%	20%	Service rendered by department to production departments	50%	30%	20%	---	Power and lighting	240	200	300	360	Others	200	200	400	400	Understand	CMBB35.1
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7.	<p>The cement company is divided into 3 production departments P, Q, R and 1 service department A. The actual cost for a period is as follows.</p> <table border="1" data-bbox="191 247 873 590"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Rent</td> <td>3000</td> </tr> <tr> <td>Repairs to plant</td> <td>1800</td> </tr> <tr> <td>Depreciation to plant</td> <td>1350</td> </tr> <tr> <td>Employees insurance</td> <td>450</td> </tr> <tr> <td>Supervision</td> <td>4500</td> </tr> <tr> <td>Fire insurance in respect of stock</td> <td>1500</td> </tr> <tr> <td>Power</td> <td>2700</td> </tr> <tr> <td>Light</td> <td>360</td> </tr> </tbody> </table> <p>The following information is available in respect of 4 departments.</p> <table border="1" data-bbox="191 680 1149 911"> <thead> <tr> <th>Particulars</th> <th>P</th> <th>Q</th> <th>R</th> <th>A</th> </tr> </thead> <tbody> <tr> <td>Area (in sq.metrts)</td> <td>1500</td> <td>1100</td> <td>900</td> <td>500</td> </tr> <tr> <td>No. of employees</td> <td>20</td> <td>15</td> <td>10</td> <td>5</td> </tr> <tr> <td>Total wages</td> <td>6000</td> <td>4000</td> <td>3000</td> <td>2,000</td> </tr> <tr> <td>Value of plant</td> <td>24,000</td> <td>18,000</td> <td>12,000</td> <td>6,000</td> </tr> <tr> <td>Value of stock</td> <td>15000</td> <td>9000</td> <td>6000</td> <td>---</td> </tr> <tr> <td>H.P of plant</td> <td>24000</td> <td>18000</td> <td>12000</td> <td>6000</td> </tr> </tbody> </table> <p>Apportion the costs to the various departments on the most equitable basis</p>	Particulars	Amount (Rs.)	Rent	3000	Repairs to plant	1800	Depreciation to plant	1350	Employees insurance	450	Supervision	4500	Fire insurance in respect of stock	1500	Power	2700	Light	360	Particulars	P	Q	R	A	Area (in sq.metrts)	1500	1100	900	500	No. of employees	20	15	10	5	Total wages	6000	4000	3000	2,000	Value of plant	24,000	18,000	12,000	6,000	Value of stock	15000	9000	6000	---	H.P of plant	24000	18000	12000	6000	Understand	CMBB35.2
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Value of plant	24,000	18,000	12,000	6,000																																																				
Value of stock	15000	9000	6000	---																																																				
H.P of plant	24000	18000	12000	6000																																																				
8.	<p>From the following information calculate a machine hour rate of charging overheads in respect of machine no. 620</p> <table border="1" data-bbox="191 1062 1081 1457"> <thead> <tr> <th>Particulars</th> <th></th> </tr> </thead> <tbody> <tr> <td>Cost of machine</td> <td>Rs.5,500</td> </tr> <tr> <td>Estimated scrap of machine</td> <td>Rs.340</td> </tr> <tr> <td>Effective working life</td> <td>is 10,000 hours</td> </tr> <tr> <td>Repairs over whole life of machine</td> <td>Rs.750</td> </tr> <tr> <td>Rental charges of shop for four weekly period</td> <td>Rs.855</td> </tr> <tr> <td>Hours worked in four-weekly period</td> <td>120 hours</td> </tr> <tr> <td>Number of machines in shop each of which bears equal charges</td> <td>30 machines</td> </tr> <tr> <td>Power used by each machine 6 units per hour</td> <td>0.05 paise per</td> </tr> </tbody> </table>	Particulars		Cost of machine	Rs.5,500	Estimated scrap of machine	Rs.340	Effective working life	is 10,000 hours	Repairs over whole life of machine	Rs.750	Rental charges of shop for four weekly period	Rs.855	Hours worked in four-weekly period	120 hours	Number of machines in shop each of which bears equal charges	30 machines	Power used by each machine 6 units per hour	0.05 paise per	Understand	CMBB35.2																																			
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Power used by each machine 6 units per hour	0.05 paise per																																																							

9.	<b>Particulars</b>		Remember	CMBB35.2
	Cost of machine	Rs.11,000		
	Estimated scrap of machine	Rs.680		
	Effective working life	10,000 hours		
	Repairs over whole life of machine	Rs.1,500		
	Rental charges of shop for four weekly period	Rs.1,710		
	Hours worked in four-weekly period	120 hours		
	Number of machines in shop each of which bears equal charges	30 machines		
	Power used by each machine 6 units per hour costing	0.10 paise per		
From the above information calculate a machine hour rate of charging overheads in respect of machine no. 750				

## UNIT -II

### COSTING FOR SPECIFIC INDUSTRIES

#### Part - A (Short Answer Questions)

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes (COs)
1.	<b>Explain</b> the meaning and features of the Job costing.	Understand	CMBB35.3
2.	<b>What</b> is the meaning of job costing? <b>Discuss</b> the advantages of Job costing.	Remember	CMBB35.3
3.	<b>Define</b> job costing. <b>Describe</b> the disadvantages of job costing.	Understand	CMBB35.3
4.	<b>What</b> do you know about unit costing? State the features of unit costing.	Understand	CMBB35.3
5.	<b>What</b> do you know about cost sheet? State the proforma of cost sheet.	Understand	CMBB35.3
6.	<b>Define</b> process costing. <b>Write</b> the features of process costing.	Remember	CMBB35.3
7.	<b>List out</b> the advantages of process costing.	Remember	CMBB35.3
8.	<b>List out</b> the disadvantages of process costing.	Remember	CMBB35.3
9.	<b>List out</b> the fundamental principles of process costing.	Understand	CMBB35.3
10.	<b>Explain</b> the meaning of process costing. List out the elements of production cost in process costing.	Understand	CMBB35.3
11.	<b>Distinguish</b> between job costing and process costing.	Understand	CMBB35.3
12.	<b>Write</b> a short note on normal process loss.	Understand	CMBB35.3
13.	<b>Write</b> a short note on abnormal process loss.	Remember	CMBB35.3
14.	<b>Write</b> a short note on inter-process profits.	Remember	CMBB35.3
15.	<b>Examine</b> the evaluation of equivalent production.	Remember	CMBB35.4
16.	<b>Write</b> a short note on costing for by-products.	Understand	CMBB35.4
17.	<b>Define</b> By- product. <b>Explain</b> the features of By-product.	Understand	CMBB35.4
18.	<b>Describe</b> the accounting treatment of By-products.	Remember	CMBB35.4
19.	<b>Write</b> the differences between By-products and joint products.	Understand	CMBB35.4
20.	<b>Write</b> the meaning and features of marginal costing.	Understand	CMBB35.4
<b>Part-B (long answer questions)</b>			
1	<b>Define</b> job costing. Explain the meaning, definitions, advantages and disadvantages of job costing.	Understand	CMBB35.3
2	<b>Define</b> process costing. <b>Discuss</b> the meaning, advantages and limitations of process	Remember	CMBB35.3



	costing.		
3	<b>Examine</b> the meaning of By-product. <b>Distinguish</b> between By-products and joint	Understand	CMBB35.3
4.	<b>Define</b> marginal costing. Examine the features and advantages of marginal costing.	Understand	CMBB35.3
5.	<b>Define</b> marginal costing. Examine the limitations of marginal; costing.	Understand	CMBB35.3
6.	<b>Define</b> cost sheet. <b>Discuss</b> the salient features of cost sheet..	Remember	CMBB35.3
7.	<b>Discuss</b> the application of marginal costing in terms of cost control, profit planning and closing down a plant.	Remember	CMBB35.3
8.	<b>Describe</b> the application of marginal costing in terms of dropping a product line, charging general and specific fixed costs and fixation of selling price.	Remember	CMBB35.3
9.	<b>Define</b> marginal costing. Examine the assumptions of marginal costing.	Understand	CMBB35.3
10.	<b>Write</b> the meaning of cost sheet. Explain the features and proforma of cost sheet.	Understand	CMBB35.3
11	Critically examine the application of marginal costing incase of limiting factor.	Understand	CMBB35.3
12	Critically examine the application of marginal costing incase of fixation of selling price.	Remember	CMBB35.3
13	Critically examine the application of marginal costing incase of specific fixed costs.	Understand	CMBB35.3
14	Examine the application of marginal costing incase of dropping a product line.	Understand	CMBB35.3
15	Examine the application of marginal costing incase of closing down a plant.	Understand	CMBB35.3
16	Critically examine the application of marginal costing incase of limiting factor.	Remember	CMBB35.3
17	Critically examine the application of marginal costing incase of fixation of selling price.	Remember	CMBB35.3
18	Critically examine the application of marginal costing incase of specific fixed costs.	Remember	CMBB35.3
19	<b>Explain</b> the meaning of process costing. List out the elements of production cost in process costing.	Understand	CMBB35.3
20	<b>Distinguish</b> between job costing and process costing.	Understand	CMBB35.3

**Part-C (problem solving and critical thinking questions)**

1.	<p>A job No. 58 passes through three departments namely X, Y and Z. The following information is given to you regarding this job:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 25%;">X</th> <th style="width: 25%;">Y</th> <th style="width: 25%;">Z</th> </tr> </thead> <tbody> <tr> <td>Materials</td> <td>\$8000</td> <td>\$1000</td> <td>\$500</td> </tr> <tr> <td>Lobour hours</td> <td>1000</td> <td>2000</td> <td>5000</td> </tr> <tr> <td>Rate of direct labour hour</td> <td>\$1.00</td> <td>\$1.50</td> <td>\$2.00</td> </tr> <tr> <td>Sale of scrap of materials</td> <td>\$1000</td> <td>\$150</td> <td>\$100</td> </tr> <tr> <td>Total overhead for the departments</td> <td>\$10000</td> <td>\$15000</td> <td>\$25000</td> </tr> <tr> <td>Total labour hours for the departments</td> <td>10000</td> <td>30000</td> <td>40000</td> </tr> </tbody> </table>	Particulars	X	Y	Z	Materials	\$8000	\$1000	\$500	Lobour hours	1000	2000	5000	Rate of direct labour hour	\$1.00	\$1.50	\$2.00	Sale of scrap of materials	\$1000	\$150	\$100	Total overhead for the departments	\$10000	\$15000	\$25000	Total labour hours for the departments	10000	30000	40000		
Particulars	X	Y	Z																												
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Total labour hours for the departments	10000	30000	40000																												

2.	<p><b>Calculate prime cost from the following information:</b>          Opening stock of raw material TRs.25,000          Purchases Rs. 1,05,000          Carriage inwards Rs.10,000          Closing stock of raw material Rs.15,000          Direct wages Rs.10,000          Direct expenses Rs.25,000          Purchase returns Rs.5,000          Salaries Rs.10,000          Factory expenses Rs.5,000</p>	Understand	CMBB35.4																																
3	<p>Prepare process accounts and calculate total cost of production from the following data:</p> <table border="1" data-bbox="203 451 1109 730"> <thead> <tr> <th>Particulars</th> <th>Process X (Rs.)</th> <th>Process Y</th> <th>Process Z (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Materials</td> <td>2,250</td> <td>750</td> <td>300</td> </tr> <tr> <td>Labour</td> <td>1,200</td> <td>3,000</td> <td>900</td> </tr> <tr> <td><b>Direct expenses:</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fuel</td> <td>300</td> <td>200</td> <td>400</td> </tr> <tr> <td>Carriage</td> <td>200</td> <td>300</td> <td>100</td> </tr> <tr> <td>Works overheads</td> <td><b>1,890</b></td> <td><b>2,580</b></td> <td><b>1,875</b></td> </tr> <tr> <td colspan="4">The indirect expenses Rs.1,275 should be apportioned on the basis of wages.</td> </tr> </tbody> </table>	Particulars	Process X (Rs.)	Process Y	Process Z (Rs.)	Materials	2,250	750	300	Labour	1,200	3,000	900	<b>Direct expenses:</b>				Fuel	300	200	400	Carriage	200	300	100	Works overheads	<b>1,890</b>	<b>2,580</b>	<b>1,875</b>	The indirect expenses Rs.1,275 should be apportioned on the basis of wages.				Understand	CMBB35.4
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The indirect expenses Rs.1,275 should be apportioned on the basis of wages.																																			
4	<p><b>Show cost sheet for the year 2007 from the following information:</b>          Direct materials Rs. 1,00,000          Direct wages Rs.30,000          Wages of foreman Rs.2,500          Electric power Rs.500          Factory lighting Rs.1,500          Office lighting Rs.500          Carriage on sales Rs.1,000          Oil and water Rs.500          Factory rent Rs.5,000          Office rent Rs.2,500          Repairs on factory plant Rs.3,500          Repairs on office premises Rs.500          Transfer to reserves Rs.1,000          Discount on shares written off Rs.500          Dividend Rs.2,000          Depreciation on factory plant Rs.500          Depreciation on office furniture Rs.1,250          Consumable stores Rs.2,500          Manager's salary Rs.5,000          Directors fees Rs.1,250          Office stationery Rs.500          Telephone charges Rs.125          Postage and telegrams Rs.250          Salesmen's salaries Rs.1,250          Travelling expenses Rs.1500          Advertising Rs.1,250          Warehouse charges Rs.500          Sales Rs.1,89,500</p>	Remember	CMBB35.4																																

5.	From the following data prepare cost sheet for the year 2009: Stock of raw materials on 1-1-2009 Rs.25,000 Stock of raw materials on 31-12-2009 Rs.4,900 Purchase of materials Rs.52,500 Direct wages Rs.95,000 Factory expenses Rs,17,500 Establishment expenses Rs.10,000 Finished stock on 1-1-2009 Rs. Nil Finished stock on 31-12-2009 Rs.35,000 Sales Rs.1,89,000	Understand	CMBB35.4
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### UNIT -III

#### MAKE OR BUY DECISIONS

#### Part - A (Short Answer Questions)

S No	QUESTIONS	Blooms Taxonomy Level	Course Outcomes (COs)
1.	Examine the application of marginal costing incase of selection of suitable product mix.	Understand	CMBB35.5
2.	Examine the application of marginal costing incase of key or limiting factor.	Understand	CMBB35.5
3.	Examine the application of marginal costing incase of desired level of profits.	Understand	CMBB35.5
4.	State the application of marginal costing incase of diversification of products..	Remember	CMBB35.5
5.	State the application of marginal costing incase of closing down or suspending activities...	Remember	CMBB35.5
6.	Critically examine the application of marginal costing incase of level of activity planning.	Understand	CMBB35.5
7.	State the application of marginal costing incase of any two business problems.	Remember	CMBB35.5
8.	Describe the application of break-even point for various business problems.	Understand	CMBB35.5
9.	Explain the need for inter-firm comparison.	Understand	CMBB35.5
10.	State the different types of comparisons.	Understand	CMBB35.5
11	Write a short note on Break even analysis	Understand	CMBB35.6
12	Examine the selection of suitable product mix.	Understand	CMBB35.6
13	List out the factors which are considered before taking a decision about dropping a product mix.	Remember	CMBB35.6
14	Write the advantages of inter-firm comparison.	Understand	CMBB35.6
15	Define CVP analysis. Write the assumptions of beak even analysis..	Understand	CMBB35.6
16	Write the advantages of CVP analysis / break even analysis.	Remember	CMBB35.6
17	Write the limitations of break even analysis..	Remember	CMBB35.6
18	Write the requirements of inter-firm comparisons.	Remember	CMBB35.6
19	Discuss any three types of preference shares.	Understand	CMBB35.6
20	Write s short note on Inter-firm comparison.	Understand	CMBB35.6
<b>Part-B (Long answer questions)</b>			
1.	Define marginal costing. State the meaning, advantages and disadvantages of marginal costing.	Remember	CMBB35.5
2.	Describe the application of marginal costing incase of key limiting factor.	Understand	CMBB35.5
3.	Examine the application of marginal costing incase of selection of suitable product mix.	Remember	CMBB35.5
4.	Discuss the application of marginal costing incase of desired level of profits.	Understand	CMBB35.5

5.	Examine the application of marginal costing incase of diversification of products.	Remember	CMBB35.5									
6.	Illustrate the application of marginal costing incase of level of activity planning.	Understand	CMBB35.5									
7.	Define marginal costing. Examine the application of marginal costing incase of closing down or suspending activities.	Remember	CMBB35.5									
8.	Describe the application of break-even point for various business problems.	Understand	CMBB35.6									
9.	Explain the meaning, advantages and disadvantages of break even analysis.	Remember	CMBB35.6									
10.	Define break even analysis. Demonstrate the assumptions of break even analysis.	Understand	CMBB35.6									
11.	Examine the application of marginal costing incase of selection of suitable product mix, key factor or limiting factor and desired level of profits.	Understand	CMBB35.6									
12.	Examine the application of marginal costing incase of selection of diversification of products.	Remember	CMBB35.6									
13.	What do you understand by inter-firm comparison? Describe the need and types of inter-firm comparison.	Understand	CMBB35.6									
14.	Discuss the advantages of inter-firm comparisons.	Understand	CMBB35.6									
15.	Describe the application of marginal costing incase of key limiting factor and selection of suitable product mix.	Remember	CMBB35.6									
16.	Enumerate the application of marginal costing incase of level of activity planning. and desired level of profits.	Understand	CMBB35.6									
17.	Explain the application of marginal costing incase of diversification of products and closing down or suspending activities.	Understand	CMBB35.6									
18.	Examine the meaning,, features , importance and limitations of marginal costing.	Remember	CMBB35.6									
19.	Illustrate the application of marginal costing incase of level of activity planning.	Understand	CMBB35.6									
20.	Define marginal costing. Examine the application of marginal costing incase of closing down or suspending activities.	Understand	CMBB35.6									
<b>Part-C (Problem solving and critical thinking questions)</b>												
1.	You are required to calculate i) P/V Ratio (ii) B.E.P (in Rs.) (iii) B.E.P (in units) (iv) Margin of Safety from the following: Total Sales Rs.3,60,000 Selling price per unit Rs.100; Variable cost per unit Rs.50 Fixed Cost Rs.1,00,000.	Remember	CMBB35.7									
2.	You are required to Calculate (i) P/V Ratio (ii) Fixed Cost (Rs.) (iii) Break Even Point (Rs.) (iv) Sales required to earn a Profit of Rs.20,000 (v) Profit when sales are Rs.1,25,000 from the following information:	Understand	CMBB35.6									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Years</th> <th style="width: 35%;">Sales (Rs.)</th> <th style="width: 50%;">Profit (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2000</td> <td>1,00,000</td> <td>15,000</td> </tr> <tr> <td>2001</td> <td>1,20,000</td> <td>23,000</td> </tr> </tbody> </table>		Years	Sales (Rs.)	Profit (Rs.)	2000	1,00,000	15,000	2001	1,20,000	23,000		
Years	Sales (Rs.)	Profit (Rs.)										
2000	1,00,000	15,000										
2001	1,20,000	23,000										

3.	<p>The Sales Turnover and profit during two years were given as follows:</p> <table border="1" data-bbox="233 186 997 283"> <thead> <tr> <th>Years</th> <th>Sales (Rs.)</th> <th>Profit (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>1,40,000</td> <td>15,000</td> </tr> <tr> <td>2004</td> <td>1,60,000</td> <td>20,000</td> </tr> </tbody> </table> <p>You are required to calculate the following:</p> <ul style="list-style-type: none"> <li>i) P/V Ratio</li> <li>ii) Fixed Cost (Rs.)</li> <li>iii) Break Even Point (Value)</li> <li>iv) Sales required to earn a profit of Rs.40,000</li> <li>v) Profit when Sales are Rs.1,20,000.</li> </ul>	Years	Sales (Rs.)	Profit (Rs.)	2003	1,40,000	15,000	2004	1,60,000	20,000	Understand	CMBB35.7
Years	Sales (Rs.)	Profit (Rs.)										
2003	1,40,000	15,000										
2004	1,60,000	20,000										
4.	<p>The Sales Turnover and profit during two years were given as follows:</p> <table border="1" data-bbox="233 510 997 621"> <thead> <tr> <th>Years</th> <th>Sales (Rs.)</th> <th>Profit (Rs.)/Loss (Rs.)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>38,000</td> <td>-2,400</td> </tr> <tr> <td>2010</td> <td>65,000</td> <td>3,000</td> </tr> </tbody> </table> <p>You are required to calculate the following:</p> <ul style="list-style-type: none"> <li>i) P/V Ratio</li> <li>ii) Fixed Cost (Rs.)</li> <li>iii) Break Even Point (Value)</li> <li>iv) Sales required to earn a profit of Rs.5,000</li> <li>v) Profit/Loss when Sales are Rs.46,000.</li> </ul>	Years	Sales (Rs.)	Profit (Rs.)/Loss (Rs.)	2009	38,000	-2,400	2010	65,000	3,000	Understand	CMBB35.7
Years	Sales (Rs.)	Profit (Rs.)/Loss (Rs.)										
2009	38,000	-2,400										
2010	65,000	3,000										
5.	<p>You are required to calculate (i) Break Even Point (Rs.) (ii) Margin of Safety (MOS) (iii) Margin of Safety Ratio (iv) Sales at a Profit of Rs.10,000 from the following information:  Sales Rs. 3,00,000  Variable Cost Rs.2,00,000  Fixed Cost Rs. 70,000;  Profit Rs. 30,000.</p>	Understand	CMBB35.7									
6.	<p>You are required to calculate (i) Break Even Point (Rs.) (ii) Margin of Safety(MOS) (iii) Margin of Safety Ratio (iv) Sales at a Profit of Rs.10,000 from the following information:  Sales Rs. 3,00,000 Variable Cost Rs.2,40,000 Fixed Cost Rs. 30,000;  Profit Rs. 30,000</p>	Understand	CMBB35.7									
7.	<p>You are required to compute (i) P/V Ratio ( ii) Break Even Point (Rs.) (iii) Sales required to earn a Profit of Rs.4,50,000 from the following: Fixed Expenses Rs.90,000  <u>Variable Cost per Unit</u>  Direct Materials               Rs. 5 per unit Direct Labour               Rs. 2 per unit  Direct Overheads 100 % of Direct Labour. Selling Price per Unit Rs.12</p>	Remember	CMBB35.7									
8	<p>You are required to calculate i) P/V Ratio (ii) B.E.P (in Rs.) (iii) B.E.P (in units) (iv) Margin of Safety from the following:  Total Sales Rs.3,60,000  Selling price per unit Rs.100; Variable cost per unit Rs.50 Fixed Cost Rs.1,00,000.</p>	Remember	CMBB35.7									

**UNIT-V**

**BUDGETARY CONTROL**

**Part – A (Short Answer Questions)**

<b>S No</b>	<b>QUESTIONS</b>	<b>Blooms Taxonomy Level</b>	<b>Course Outcomes (COs)</b>
1.	List out the essentials of a budget..	Remember	CMBB35.8
2.	Distinguish between budget and forecast.	Understand	CMBB35.8
3.	Discuss the characteristics of good budgeting.	Remember	CMBB35.8
4.	List out the essentials of budgetary control.	Understand	CMBB35.8
5.	List out the objectives of budgetary control.	Remember	CMBB35.8
6.	List out the any five steps in budgetary control.	Understand	CMBB35.8
7.	Describe any five advantages of budgetary control.	Understand	CMBB35.8
8.	Discuss any five demerits of budgetary control.	Remember	CMBB35.7
9.	List out the importance of flexible budget.	Understand	CMBB35.7
10.	Distinguish between fixed budget and flexible budget.	Remember	CMBB35.7
11.	State the meaning of cash budget.	Remember	CMBB35.7
12.	List out the advantages of cash budget.	Understand	CMBB35.7
13.	State the factors which are considered for preparation of production budget.	Remember	CMBB35.7
14.	Briefly explain the meaning and advantages of master budget.	Understand	CMBB35.7
15.	Discuss the meaning and characteristics of performance budget.	Understand	CMBB35.7
16.	List out the uses of performance budget.	Understand	CMBB35.7
17.	Explain any five requisites for successful budgetary control system.	Understand	CMBB35.7
18.	State the steps which are involved in zero based budgeting.	Remember	CMBB35.7
19.	State any five advantages of zero based budgeting.	Remember	CMBB35.7
20.	Write any four differences between fixed budget and flexible budget.	Understand	CMBB35.7
<b>Part-B (long answer questions)</b>			
1.	Explain the advantages and disadvantages of budgetary control.	Remember	CMBB35.7
2.	Examine the steps which are involved in budgetary control.	Remember	CMBB35.7
3.	Define budgetary control. Explain the objectives of budgetary control.	Understand	CMBB35.7
4.	Define zero based budgeting. Discuss the advantages and limitations of zero based budgeting.	Remember	CMBB35.8
5.	Distinguish between fixed budget and flexible budget.	Understand	CMBB35.8
6.	Distinguish between standard costing and budgetary control.	Understand	CMBB35.8
5.	What is cost audit? Discuss different types of cost audit.	Understand	CMBB35.8
6.	Discuss the objectives of cost audit.	Understand	CMBB35.8
7.	Define cost audit. Explain the advantages of cost audit.	Remember	CMBB35.8
8.	Define management audit. Examine the objectives of management audit.	Remember	CMBB35.8
9.	Write the scope of management audit.	Understand	CMBB35.8
10.	Write the requisites for a successful budgetary control system	Understand	CMBB35.8
11.	Explain the functions of cost audit.	Remember	CMBB35.8
12.	Prepare a Flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 60% capacity.	Understand	CMBB35.8

<b>Variable overheads:</b>	At 60% capacity
Indirect Material	(Rs)6,000
Labour	18,000
<b>Semi-variable overheads:</b>	
Electricity: (40% Fixed & 60% variable)	30,000
<b>Repairs:</b> (80% fixed & 20% Variable)	3,000
<b>Fixed overheads:</b>	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hour	1,86,000

13	<p>Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 60% and 70% capacity.</p> <table border="1"> <tr> <td><b>Variable overheads:</b></td> <td>At 60% capacity(Rs)</td> </tr> <tr> <td>Material</td> <td>6,000</td> </tr> <tr> <td>Labour</td> <td>18,000</td> </tr> <tr> <td><b>Semi-variable overheads:</b></td> <td></td> </tr> <tr> <td>Electricity:</td> <td>30,000</td> </tr> <tr> <td>40% Fixed</td> <td></td> </tr> <tr> <td>60% variable</td> <td></td> </tr> <tr> <td><b>Repairs:</b></td> <td></td> </tr> <tr> <td>80% fixed</td> <td>3,000</td> </tr> <tr> <td>20% Variable</td> <td>3,000</td> </tr> <tr> <td><b>Fixed overheads:</b></td> <td></td> </tr> <tr> <td>Depreciation</td> <td>16,500</td> </tr> <tr> <td>Insurance</td> <td>4,500</td> </tr> <tr> <td>Salaries</td> <td>15,000</td> </tr> <tr> <td>Total overheads</td> <td>93,000</td> </tr> <tr> <td>Estimated direct labour hours</td> <td>1,86,000</td> </tr> </table>	<b>Variable overheads:</b>	At 60% capacity(Rs)	Material	6,000	Labour	18,000	<b>Semi-variable overheads:</b>		Electricity:	30,000	40% Fixed		60% variable		<b>Repairs:</b>		80% fixed	3,000	20% Variable	3,000	<b>Fixed overheads:</b>		Depreciation	16,500	Insurance	4,500	Salaries	15,000	Total overheads	93,000	Estimated direct labour hours	1,86,000	Remember	CMBB35.8
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15.	<p>A factory engaged in manufacturing plastic buckets is working at 40% capacity and produces 10,000 buckets per month.</p> <p>The present cost break up for one bucket is as under:  Materials Rs.10 Labour Rs.3  Overheads Rs.5 (60% fixed)</p> <p>The selling price is Rs.20 per bucket. If it is desired to work the factory at 50% capacity the selling price falls by 3%. At 90% capacity the selling price falls by 5% accompanied by a similar fall in the price of material.</p>	Remember	CMBB35.8
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	You are required to prepare a statement the profit at 50% and 90% capacities and also calculate the break- even points at this capacity production.																																					
16	<p>S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2010 to December 2010. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Sales (Rs.)</th> <th>Purchases (Rs.)</th> <th>Wages (Rs.)</th> </tr> </thead> <tbody> <tr> <td>August</td> <td>3,60,000</td> <td>2,49,600</td> <td>24,000</td> </tr> <tr> <td>September</td> <td>3,84,000</td> <td>2,88,000</td> <td>28,000</td> </tr> <tr> <td>October</td> <td>2,16,000</td> <td>4,86,000</td> <td>22,000</td> </tr> <tr> <td>November</td> <td>3,48,000</td> <td>4,92,000</td> <td>20,000</td> </tr> <tr> <td>December</td> <td>2,52,000</td> <td>5,36,000</td> <td>30,000</td> </tr> </tbody> </table> <p>50% of credit sales are realized in the month following the sales and remaining 50% in the second following. Creditors are paid in the month following the month of purchase Estimated cash as on 1-10-2010 is Rs.50,000.</p>	Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	August	3,60,000	2,49,600	24,000	September	3,84,000	2,88,000	28,000	October	2,16,000	4,86,000	22,000	November	3,48,000	4,92,000	20,000	December	2,52,000	5,36,000	30,000	Understand	CMBB35.8											
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17	<p>Prepare a cash Budget of R.M.C. LTD. for April, May and June 2012:</p> <table border="1"> <thead> <tr> <th>Months</th> <th>Sales(Rs.)</th> <th>Purchases(Rs.)</th> <th>Wages(Rs.)</th> <th>Expenses(Rs.)</th> </tr> </thead> <tbody> <tr> <td>Jan. (Actual)</td> <td>80,000</td> <td>45,000</td> <td>20,000</td> <td>5,000</td> </tr> <tr> <td>Feb. (Actual)</td> <td>80,000</td> <td>40,000</td> <td>18,000</td> <td>6,000</td> </tr> <tr> <td>March (Actual)</td> <td>75,000</td> <td>42,000</td> <td>22,000</td> <td>6,000</td> </tr> <tr> <td>April (Budget)</td> <td>90,000</td> <td>50,000</td> <td>24,000</td> <td>7,000</td> </tr> <tr> <td>May (Budget)</td> <td>85,000</td> <td>45,000</td> <td>20,000</td> <td>6,000</td> </tr> <tr> <td>June (Budget)</td> <td>80,000</td> <td>35,000</td> <td>18,000</td> <td>5,000</td> </tr> </tbody> </table> <p><b>Additional Information:</b> 10% of the purchases and 20% of sales are for cash. The average collection period of the company is ½ month and the credit purchases are paid regularly after one month. Wages are paid half monthly and the rent of Rs. 500 included in expenses is paid monthly and other expenses are paid after one month lag. Cash balance on April 1,2012 may be assumed to be Rs.15,000</p>	Months	Sales(Rs.)	Purchases(Rs.)	Wages(Rs.)	Expenses(Rs.)	Jan. (Actual)	80,000	45,000	20,000	5,000	Feb. (Actual)	80,000	40,000	18,000	6,000	March (Actual)	75,000	42,000	22,000	6,000	April (Budget)	90,000	50,000	24,000	7,000	May (Budget)	85,000	45,000	20,000	6,000	June (Budget)	80,000	35,000	18,000	5,000	Remember	CMBB35.8
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18.	Briefly explain the meaning and advantages of master budget.	Remember	CMBB35.8																																			
19	Discuss the meaning and characteristics of performance budget.	Remember	CMBB35.8																																			
20	Explain any five requisites for successful budgetary control system	Remember	CMBB35.8																																			



**Part-C (Problem solving and critical thinking questions)**

1.	<p>The expenses for the production of 5,000 units in a factory are given as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><b>Per Unit (Rs.)</b></th> </tr> </thead> <tbody> <tr> <td>Materials</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Labour</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Fixed overheads (Rs.50,000)</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Administrative expenses (5% variable)</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Selling expenses (20% fixed)</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Distribution expenses (10% fixed)</td> <td style="text-align: right;">5</td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td style="text-align: right;"><b>116</b></td> </tr> </tbody> </table> <p>Prepare a flexible budget for 7,000 units from the above information.</p>		<b>Per Unit (Rs.)</b>	Materials	50	Labour	20	Variable overheads	15	Fixed overheads (Rs.50,000)	10	Administrative expenses (5% variable)	10	Selling expenses (20% fixed)	6	Distribution expenses (10% fixed)	5	<b>Total</b>	<b>116</b>	Understand	CMBB35.8																		
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2.	<p>The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacities.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><b>At 50% capacity (Rs.)</b></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Fixed expenses:</b></td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Rent and Taxes</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Administrative expenses</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td colspan="2"><b>Variable expenses:</b></td> </tr> <tr> <td>Materials</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Labour</td> <td style="text-align: right;">2,50,000</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td colspan="2"><b>Semi-variable expenses:</b></td> </tr> <tr> <td>Repairs</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Indirect Labour</td> <td style="text-align: right;">1,50,000</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">90,000</td> </tr> </tbody> </table> <p>It is estimated that fixed expenses will remain constant at all levels of capacities. Semi variable expenses will not change between 45%-60% capacity, will rise by 10% between 60%-75% capacity, a further increase of 5% when the capacity crosses 75% capacity.</p> <p><b>Estimated sales at various levels of capacities are given as follows:</b></p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Capacity</th> <th style="text-align: center;">Sales (Rs.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">60%</td> <td style="text-align: right;">11,00,000</td> </tr> <tr> <td style="text-align: center;">70%</td> <td style="text-align: right;">13,00,000</td> </tr> <tr> <td style="text-align: center;">90%</td> <td style="text-align: right;">15,00,000</td> </tr> </tbody> </table>		<b>At 50% capacity (Rs.)</b>	<b>Fixed expenses:</b>		Salaries	50,000	Rent and Taxes	40,000	Depreciation	60,000	Administrative expenses	70,000	<b>Variable expenses:</b>		Materials	2,00,000	Labour	2,50,000	Others	40,000	<b>Semi-variable expenses:</b>		Repairs	1,00,000	Indirect Labour	1,50,000	Others	90,000	Capacity	Sales (Rs.)	60%	11,00,000	70%	13,00,000	90%	15,00,000	Remember	CMBB35.8
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4.	<p>Mr. Atulya manufactures two types of toys Raja and Rani and sells them in Agra and Bombay markets. The following information is made available for the current year:</p> <table border="1" data-bbox="181 256 1166 430"> <thead> <tr> <th>Market</th> <th>Type</th> <th>Budgeted sales</th> <th>Actual sales</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Agra</td> <td>Raja</td> <td>400 at Rs.9 each</td> <td>500 at Rs.9 each</td> </tr> <tr> <td>Rani</td> <td>300 at Rs.21 each</td> <td>200 at Rs.21 each</td> </tr> <tr> <td rowspan="2">Bombay</td> <td>Raja</td> <td>600 at Rs.9 each</td> <td>700 at Rs.9 each</td> </tr> <tr> <td>Rani</td> <td>500 at Rs.21 each</td> <td>400 at Rs.21 each</td> </tr> </tbody> </table> <p>Market studies reveal that toy raja is popular product as it is under priced. It is observed that if its price is increased by Rs.1 it will find a readymade market. On the other hand, rani is over-priced and market could absorb more sales if its selling price is reduced to Rs.20. The management has agreed to give effect to the above changes.</p> <p><b>On the above basis the following estimates have been prepared by sales manager:</b></p> <table border="1" data-bbox="181 703 1166 829"> <thead> <tr> <th>Product</th> <th>% increase in sales</th> <th>Over current budget</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;"><b>Agra</b></td> <td style="text-align: center;"><b>Bombay</b></td> </tr> <tr> <td>Raja</td> <td>+10%</td> <td>+5%</td> </tr> <tr> <td>Rani</td> <td>+20%</td> <td>+10%</td> </tr> </tbody> </table> <p>With the help of an intensive advertisement campaign, the following additional sales of sales manager are possible:</p> <table border="1" data-bbox="181 892 1166 1018"> <thead> <tr> <th>Product</th> <th>Agra</th> <th>Bombay</th> </tr> </thead> <tbody> <tr> <td>Raja</td> <td>60 units</td> <td>70 units</td> </tr> <tr> <td>Rani</td> <td>40 units</td> <td>50 units</td> </tr> </tbody> </table> <p><b>You are required to prepare sales budget for incorporate the above estimates.</b></p>	Market	Type	Budgeted sales	Actual sales	Agra	Raja	400 at Rs.9 each	500 at Rs.9 each	Rani	300 at Rs.21 each	200 at Rs.21 each	Bombay	Raja	600 at Rs.9 each	700 at Rs.9 each	Rani	500 at Rs.21 each	400 at Rs.21 each	Product	% increase in sales	Over current budget		<b>Agra</b>	<b>Bombay</b>	Raja	+10%	+5%	Rani	+20%	+10%	Product	Agra	Bombay	Raja	60 units	70 units	Rani	40 units	50 units	Understand	CMBB35.10
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5	<p>Prepare a <b>production budget</b> for each month and summarized production cost budget for the six months period ending 31<sup>st</sup> December,2005 from the following data of product X The units to be sold for the different months are as follows:</p> <table border="1" data-bbox="181 1144 1166 1396"> <thead> <tr> <th>2005</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>July</td> <td>1,100</td> </tr> <tr> <td>August</td> <td>1,100</td> </tr> <tr> <td>September</td> <td>1,700</td> </tr> <tr> <td>October</td> <td>1,900</td> </tr> <tr> <td>November</td> <td>2,500</td> </tr> <tr> <td>December</td> <td>2,300</td> </tr> <tr> <td>January,2006</td> <td>2,000</td> </tr> </tbody> </table> <p>i) There will be no work-in progress at the end of any month. ii) Finished units equal to half of the sales for the next month will be in stock at the end of each month (including June,2005). iii) Budgeted production and production cost for the year ending 31<sup>st</sup> December,2005 are given as follows:</p> <table border="1" data-bbox="181 1543 1166 1638"> <tbody> <tr> <td>Production (units)</td> <td>22,000</td> </tr> <tr> <td>Direct materials per unit</td> <td>Rs.10</td> </tr> <tr> <td>Direct wages per unit</td> <td>Rs. 4</td> </tr> </tbody> </table> <p>Total factory overheads apportioned to products Rs.88,000.</p>	2005	Units	July	1,100	August	1,100	September	1,700	October	1,900	November	2,500	December	2,300	January,2006	2,000	Production (units)	22,000	Direct materials per unit	Rs.10	Direct wages per unit	Rs. 4	Understand	CMBB35.10																	
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Depreciation	50,000																														
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Materials	1,00,000																														
Labour	1,50,000																														
Others	40,000																														
Repairs	2,00,000																														
Indirect Labour	1,50,000																														
Others	90,000																														
<b>Capacity</b>	<b>Sales (Rs.)</b>																														
60%	12,00,000																														
70%	14,00,000																														
90%	13,00,000																														

7.	<p>From the following forecasts of income and expenditure, prepare a cash budget for the months January to April, 2005:</p> <table border="1" data-bbox="191 898 984 1367"> <thead> <tr> <th>Months</th> <th>Credit Sales (Rs.)</th> <th>Credit Purchases (Rs.)</th> <th>Wages (Rs.)</th> <th>Manufacturing Expenses (Rs.)</th> <th>Admin. Exp. (Rs.)</th> <th>Selling Exp. (Rs.)</th> </tr> </thead> <tbody> <tr><td>2004, Nov</td><td>30,000</td><td>15,000</td><td>3,000</td><td>1,150</td><td>1,060</td><td>500</td></tr> <tr><td>Dec</td><td>35,000</td><td>20,000</td><td>3,200</td><td>1,225</td><td>1,040</td><td>550</td></tr> <tr><td>2005, Jan</td><td>25,000</td><td>15,000</td><td>2,500</td><td>990</td><td>1,100</td><td>600</td></tr> <tr><td>Feb</td><td>30,000</td><td>20,000</td><td>3,000</td><td>1,050</td><td>1,150</td><td>620</td></tr> <tr><td>March</td><td>35,000</td><td>22,500</td><td>2,400</td><td>1,100</td><td>1,220</td><td>570</td></tr> <tr><td>April</td><td>40,000</td><td>25,000</td><td>2,600</td><td>1,200</td><td>1,180</td><td>710</td></tr> </tbody> </table> <p>Additional information is as follows: Cash in hand as on 1-1-2005 Rs.15,000</p> <ol style="list-style-type: none"> <li>The customers are allowed a credit period of 2 months.</li> <li>A dividend of Rs.10,000 is payable in April.</li> <li>Capital expenditure to be incurred: Plant purchased on 15<sup>th</sup> of January for Rs.5,000; a building has been purchased on 1<sup>st</sup> March and the payments are to be made in Monthly instalment of Rs.2,000 each.</li> <li>The creditors are allowing a credit of 2 months.</li> <li>Wages are paid on the 1<sup>st</sup> of the next month. (6) Lag in payment of other expenses is 1 month.</li> </ol>	Months	Credit Sales (Rs.)	Credit Purchases (Rs.)	Wages (Rs.)	Manufacturing Expenses (Rs.)	Admin. Exp. (Rs.)	Selling Exp. (Rs.)	2004, Nov	30,000	15,000	3,000	1,150	1,060	500	Dec	35,000	20,000	3,200	1,225	1,040	550	2005, Jan	25,000	15,000	2,500	990	1,100	600	Feb	30,000	20,000	3,000	1,050	1,150	620	March	35,000	22,500	2,400	1,100	1,220	570	April	40,000	25,000	2,600	1,200	1,180	710	Understand	CMBB35.10
Months	Credit Sales (Rs.)	Credit Purchases (Rs.)	Wages (Rs.)	Manufacturing Expenses (Rs.)	Admin. Exp. (Rs.)	Selling Exp. (Rs.)																																														
2004, Nov	30,000	15,000	3,000	1,150	1,060	500																																														
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March	35,000	22,500	2,400	1,100	1,220	570																																														
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**UNIT-V**

**STANDARD COSTING**

**Part-A (Short answer questions)**

1.	Describe the significance of marginal costing.	Understand	CMBB35.10
2.	Discuss the limitations of marginal costing.	Understand	CMBB35.10

3.	List out the elements of standard cost.	Remember	CMBB35.10																																
4.	Define standard costing. Write the essentials for an effective system of standard costing.	Understand	CMBB35.10																																
5.	Examine the steps which are involved in standard costing.	Understand	CMBB35.10																																
6.	Write any five advantages of standard costing.	Understand	CMBB35.10																																
7.	Examine any five limitations of standard costing.	Understand	CMBB35.10																																
8.	Distinguish between standard costing and budgetary control.	Remember	CMBB35.10																																
9.	Distinguish between estimated costing and standard costing.	Remember	CMBB35.10																																
10.	Distinguish between standard costing and marginal costing.	Remember	CMBB35.09																																
11.	Define variance analysis. Write the objectives of variance analysis.	Understand	CMBB35.09																																
12.	Explain the advantages of variance analysis.	Understand	CMBB35.09																																
13.	Write the formulae of different types of material variances.	Understand	CMBB35.09																																
14.	Write the formulae of different types of labour variances.	Understand	CMBB35.09																																
15.	Write the reasons for material usage variances.	Remember	CMBB35.09																																
16.	Examine the reasons for material price variances.	Remember	CMBB35.09																																
17.	Discuss the reasons for material mix variance.	Understand	CMBB35.09																																
18.	State the reasons for material yield variance.	Understand	CMBB35.09																																
19.	Examine the formulae of sales variance under profit method.	Remember	CMBB35.09																																
20.	Examine the formulae of sales variance under value method..	Remember	CMBB35.09																																
<b>Part-B (Long answer questions)</b>																																			
1	Define standard costing. Explain advantages of standard costing.	Understand	CMBB35.10																																
2	Define standard costing. Explain limitations of standard costing.	Understand	CMBB35.10																																
3	Distinguish between standard costing and budgetary control.	Understand	CMBB35.10																																
4	Define variance Analysis. Discuss the advantages and limitations of variance analysis.	Understand	CMBB35.09																																
5	<p>India Ltd. Manufactures a particular product, the standard direct labour cost of which is Rs. 120 per unit whose manufacture involves the following:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Type of workers</th> <th>Hours</th> <th>Rate (Rs.)</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>30</td> <td>2</td> <td>60</td> </tr> <tr> <td>B</td> <td>20</td> <td>3</td> <td>60</td> </tr> <tr> <td></td> <td>50</td> <td></td> <td>120</td> </tr> </tbody> </table> <p>During a period, 100 units of the product were produced, the actual labour cost of which was as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Type of workers</th> <th>Hours</th> <th>Rate (Rs.)</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>3,200</td> <td>1.50</td> <td>4,800</td> </tr> <tr> <td>B</td> <td>1,900</td> <td>4.00</td> <td>7,600</td> </tr> <tr> <td></td> <td>5,100</td> <td></td> <td>12,400</td> </tr> </tbody> </table> <p>Calculate: (1) Labour cost variance (2) Labour Rate variance (3) Labour Efficiency variance (4) Labour mix variance.</p>	Type of workers	Hours	Rate (Rs.)	Amount (Rs.)	A	30	2	60	B	20	3	60		50		120	Type of workers	Hours	Rate (Rs.)	Amount (Rs.)	A	3,200	1.50	4,800	B	1,900	4.00	7,600		5,100		12,400	Remember	CMBB35.09
Type of workers	Hours	Rate (Rs.)	Amount (Rs.)																																
A	30	2	60																																
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	50		120																																
Type of workers	Hours	Rate (Rs.)	Amount (Rs.)																																
A	3,200	1.50	4,800																																
B	1,900	4.00	7,600																																
	5,100		12,400																																
6	Define budgetary control. Write the essentials for an effective system of budgetary control.	Remember	CMBB35.09																																
7	Explain different types of sales variances with formulae.	Remember	CMBB35.09																																
8	Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate Labour cost variance.	Understand	CMBB35.09																																
9	Define standard costing. Write the essentials for an effective system of standard costing	Understand	CMBB35.09																																

10	<b>Examine</b> the formulas for different types of sales variances under profit method and value method.	Understand	CMBB35.09		
11	Write the reasons for labour rate variance.	Understand	CMBB35.09		
12	State the the reasons for labour efficiency variance.	Remember	CMBB35.09		
13	Distinguish between standard costing and budgetary control.	Understand	CMBB35.10		
14	<b>Examine</b> different types of labour variances with suitable formulae	Understand	CMBB35.10		
15	For making 10 kg. of yarn, the standard material requirement is:	Understand	CMBB35.10		
	<b>Material</b>			<b>Quantity (kg.)</b>	<b>Rate per kg. (Rs.)</b>
	White			8	6.00
	Black			4	4.00
	In March, 1,000 kg. of yarn was produced. The actual consumption of materials is as under:				
	<b>Material</b>			<b>Quantity (kg.)</b>	<b>Rate per kg. (Rs.)</b>
	White			750	7.00
	Black			500	5.00
Calculate: (1) MCV (2) MPV (3) MUV					
16	<b>Examine</b> the reasons for labour efficiency and labour rate variances	Understand	CMBB35.09		
17	Distinguish between estimated costing and standard costing.	Remember	CMBB35.09		
18	A manufacturing concern, which has adopted standard costing, furnished the following information: Standard Material for 70 kg finished product: 100 kg. Price of materials: Re. 1 per kg. Actual Output: 2,10,000 kg. Material used: 2,80,000 kg. Cost of material: Rs. 2,52,000. Calculate: (a) Material Usage Variance (b) Material Price Variance (c) Material Cost Variance	Remember	CMBB35.09		
19	The standard mix to produce one unit of product is as follows: Material A 60 units @ Rs. 15 per unit = Rs. 9,00 Material B 80 units @ Rs. 20 per unit = Rs. 1,600 Material C 100 units @ Rs. 25 per unit = Rs. 2,500 240 units Rs. 5,000 During the month of April, 10 units were actually produced and consumption was as follows: Material A 640 units @ Rs. 17.50 per unit = Rs. 11,200 Material B 950 units @ Rs. 18.00 per unit = Rs. 17,100 Material C 870 units @ Rs. 27.50 per unit =Rs. 23,925 2,460 units Rs. 52,225 Calculate all material variances.	Remember	CMBB35.09		
20	Calculate Labour cost variance from the information: Standard production : 100 units Standard Hours : 500 hours Wage rate per hour : Rs. 2 Actual production : 85 units Actual time taken : 450 hours Actual wage rate paid : Rs. 2.10 per hour	Understand	CMBB35.09		

**Part-C (Problem solving and critical thinking questions)**

1	<p>From the following information, calculate i) material cost variance ii) material price variance iii) material usage variance</p> <table border="1" data-bbox="175 226 1068 499"> <thead> <tr> <th>Products</th> <th>Standard Quantity (Units)</th> <th>Standard price Rs.</th> <th>Actual Quantity (Units)</th> <th>Actual Price (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>1,050</td> <td>2.00</td> <td>1,100</td> <td>2.25</td> </tr> <tr> <td>B</td> <td>1,500</td> <td>3.25</td> <td>1,400</td> <td>3.50</td> </tr> <tr> <td>C</td> <td>2,100</td> <td>3.50</td> <td>2,000</td> <td>3.75</td> </tr> </tbody> </table>	Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)	A	1,050	2.00	1,100	2.25	B	1,500	3.25	1,400	3.50	C	2,100	3.50	2,000	3.75	Understand	CMBB35.10
Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)																			
A	1,050	2.00	1,100	2.25																			
B	1,500	3.25	1,400	3.50																			
C	2,100	3.50	2,000	3.75																			
2.	<table border="1" data-bbox="175 583 1068 905"> <thead> <tr> <th>Products</th> <th>Standard Quantity (Units)</th> <th>Standard price Rs.</th> <th>Actual Quantity (Units)</th> <th>Actual Price (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>40</td> <td>10.00</td> <td>50</td> <td>12.00</td> </tr> <tr> <td>B</td> <td>60</td> <td>5.00</td> <td>50</td> <td>8.00</td> </tr> </tbody> </table> <p>From the above information, calculate material mix variance:</p>	Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)	A	40	10.00	50	12.00	B	60	5.00	50	8.00	Understand	CMBB35.10					
Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)																			
A	40	10.00	50	12.00																			
B	60	5.00	50	8.00																			
3.	<p>From the following information, compute material mix variance:</p> <table border="1" data-bbox="175 1020 1105 1304"> <thead> <tr> <th>Commodities</th> <th>Standard Quantity (Units)</th> <th>Standard price Rs.</th> <th>Actual Quantity (Units)</th> <th>Actual Price (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>50</td> <td>2.00</td> <td>60</td> <td>2.25</td> </tr> <tr> <td>B</td> <td>100</td> <td>1.20</td> <td>90</td> <td>1.75</td> </tr> </tbody> </table> <p>Due to the shortage of material A, the use of material A was reduced by 10% and that of material B increased by 5%.</p>	Commodities	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)	A	50	2.00	60	2.25	B	100	1.20	90	1.75	Understand	CMBB35.10					
Commodities	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)																			
A	50	2.00	60	2.25																			
B	100	1.20	90	1.75																			

4.	From the following data compute various material variances:				Remember	CMBB35.09	
	<b>Products</b>	<b>Standard Quantity</b> (Units)	<b>Standard price</b> Rs.	<b>Actual Quantity</b> (Units)	<b>Actual Price</b> (Rs.)		
	A	80	8.00	90	7.50		
	B	70	3.00	80	4.00		
5.	From the following information, compute various material variances:				Understand	CMBB35.09	
	<b>Products</b>	<b>Standard Quantity</b> (Units)	<b>Standard price</b> Rs.	<b>Actual Quantity</b> (Units)	<b>Actual Price</b> (Rs.)		
	P	50	2.00	60	2.25		
	Q	100	1.20	90	1.75		
6.	From the following information, calculate i) material cost variance ii) material price variance iii) material usage variance				Understand	CMBB35.09	
	<b>Products</b>	<b>Standard Quantity</b> (Units)	<b>Standard price</b> Rs.	<b>Actual Quantity</b> (Units)	<b>Actual Price</b> (Rs.)		
	X	800	2.00	900	2.25		
	Y	1,000	3.25	1,500	3.50		
	Z	2,000	3.50	3,000	3.75		

7.	<p>The information regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows:</p> <table border="1" data-bbox="175 233 1138 751"> <thead> <tr> <th>Type of worker</th> <th>Standard No. of workers</th> <th>Standard weekly wage rate per worker Rs.</th> <th>Actual No. of workers</th> <th>Actual weekly wage rate per worker (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Skilled</td> <td>75</td> <td>60</td> <td>70</td> <td>70</td> </tr> <tr> <td>Semi-Skilled</td> <td>45</td> <td>40</td> <td>30</td> <td>50</td> </tr> <tr> <td>Unskilled</td> <td>60</td> <td>30</td> <td>80</td> <td>20</td> </tr> </tbody> </table> <p>The work was completed in 32 weeks. Calculate various labour variances.</p>	Type of worker	Standard No. of workers	Standard weekly wage rate per worker Rs.	Actual No. of workers	Actual weekly wage rate per worker (Rs.)	Skilled	75	60	70	70	Semi-Skilled	45	40	30	50	Unskilled	60	30	80	20	Remember	CMBB35.09
Type of worker	Standard No. of workers	Standard weekly wage rate per worker Rs.	Actual No. of workers	Actual weekly wage rate per worker (Rs.)																			
Skilled	75	60	70	70																			
Semi-Skilled	45	40	30	50																			
Unskilled	60	30	80	20																			
8.	<p>The following data is taken out from the books of a manufacturing concern:</p> <p><b>Budgeted labour composition for producing 100 articles</b>  20 Men @Rs.1.25 per hour for 25 hours  30 Women @Rs.1.10 per hour for 30 hours.</p> <p><b>Actual labour composition for producing 100 articles</b>  25 Men @Rs.1.50 per hour for 24 hours  25 Women @Rs.1.20 per hour for 25 hours. Compute various labour variances.</p>	Understand	CMBB35.09																				
9.	<p>The standard and actual sales for a period in respect of two products are as follows:</p> <table border="1" data-bbox="175 1241 1036 1514"> <thead> <tr> <th>Products</th> <th>Standard Quantity (Units)</th> <th>Standard price Rs.</th> <th>Actual Quantity (Units)</th> <th>Actual Price (Rs.)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>600</td> <td>3.00</td> <td>800</td> <td>4.00</td> </tr> <tr> <td>B</td> <td>800</td> <td>4.00</td> <td>600</td> <td>3.00</td> </tr> </tbody> </table> <p>Calculate various types of sales variances.</p>	Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)	A	600	3.00	800	4.00	B	800	4.00	600	3.00	Remember	CMBB35.09					
Products	Standard Quantity (Units)	Standard price Rs.	Actual Quantity (Units)	Actual Price (Rs.)																			
A	600	3.00	800	4.00																			
B	800	4.00	600	3.00																			



10.	<p>The following data is taken out from the books of a manufacturing concern:</p> <p><b>Budgeted labour composition for producing 100 articles:</b>  40 Men @Rs.1.50 per hour for 25 hours  20 Women @Rs.1.20 per hour for 30 hours.</p> <p><b>Actual labour composition for producing 100 articles:</b>  55 Men @Rs.2.50 per hour for 24 hours  35 Women @Rs.1.50 per hour for 25 hours.  Compute various labour variances.</p>	Understand	CMBB35.09
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**Prepared By:**

Ms. G Joseph Mary, Assistant Professor

**HOD, MBA**