Enrollment No._____

HAVRACHANA UNIVERSITY
a UGC recognized University

School: School of Business and Law
Program/s: BBA
Year: 3rd **Semester:** 5th
Examination: End Semester Examination
Examination year: December - 2021

Course Code: FA 314 **Course Name:** **Budgeting and Costing**
Date: 01/12/2021
Time: 02:30 pm to 04:30 pm

Total Marks: 40
Total Pages: 3

Instructions:

- *Write each answer on a new page.*
- *Use of a calculator is permitted.*
- ***Advisable to go through the question paper at the start of the exam and attempt those questions first that you are more comfortable with.***
- ** COs=Course Outcome mapping. # BTL=Bloom's Taxonomy Level mapping*

Q. No.	Details	Marks	COs *	BTL #
Q.1				
a)	The selling price of a product is Rs. 30 per unit and the Variable cost is Rs. 15 per unit. At the current sales level of Rs. 1,50,000, the Margin of safety is 30% for the company. What is the Total fixed cost for the company?	**5**	CO1	2,3,4
b)	Product Z is manufactured using raw material 'B'. The standard usage of the Raw material is 2 kgs. per unit of Z produced. The standard price for B is Rs. 10 per KG. In the month of October, 2000 units of product Z were produced using 4100 Kgs of Raw material. What is the Material Usage Variance for the units produced?	**3**	CO5	
Q.2				
a)	A company produces two joint products, after a single process. Product X is a liquid and the output is 9,000 Liters. Product B is solid with and output of 5000 Kilo Grams. The joint cost of the operation is Rs. 1,00,000. Product X is saleable after the joint process and fetches Rs. 9 per Liter, as the sale price. Product B needs further refining (processing) and can be processed at the cost of Rs. 3 per KG. There is no loss of material in further processing. The refined product 'B' can be sold for Rs. 20 per Kg. If Net Realizable Value (NRV) method is used, what is the cost per Kg of refined product B?	**5**	CO1,	2,3,4,5
b)	In an accounting period, opening stocks were 12,600 units and closing stocks were 14,100 units. The fixed cost is Rs. 6.5 per unit. If the profit under Variable costing system is Rs. 50,400, what would be the profit if Absorption (Full) Costing system were used?	**3**	CO3	
Q.3	Techno Ltd. manufactures Product Y. Raw material 'R' is used for manufacturing of product Z. One unit of 'Y' requires 2 Kilograms of 'R'. The expected monthly sales demand for the product Y is:	**8**	CO5	2,3,4

Month	Sale Demand (units)
Apr-2019	1050
May - 2019	1200
June– 2019	1100
July-2019	1250

The closing inventory policy of the company is:
Closing inventory of finished goods: 20% of following month's demand
Closing inventory of Raw material : 30% of following month's material usage
Based on the above information you are required:

i) To calculate the number of units of Product 'Y' to be produced in the Months of **April, May and June 2019**. *(5 Marks)*

ii) Ascertain the quantity (in Kgs.) of Raw material 'B' to be purchased in the month of **April 2019.** *(3 marks)*

Q.4 A company manufactures Furniture as per the order received from its clients. The company has two manufacturing departments viz. Dept. A and Dept. B and one Service Department. The budgeted overhead costs for the period are as follows:

8 CO2 2,3,4,5

	Rs.
Production supervisor's salary	60,000
Heating & Lighting	200,000
Depreciation	250,000
Rent	90,000

Additional Information:

	Department - A	Department - B	Service Department
Book Value of Machines (Rs.)	500,000	300,000	0
Labour Hours	2500	5000	100
Machine Hours	2000	800	0
Floor Area (Sq. Mtrs.)	1000	700	100
No. of Workers (engaged in Production)	60	40	0

The Operations of Department A are mostly machine driven where as the operations of Dept. B are labour Driven. The facilities of Service department are being equally shared between Dept. A and Dept. B

Calculate the suitable overhead absorption rate for the production departments 'A' and 'B' by the two stage allocation method.

Q.5 XYZ Ltd. manufactures a product by passing it through single process 'A'. Finished output from process A is becomes the final product. The cost data for process A for the month is as follows:

8 CO4 2,3,4

Opening Work in Progress	3000 units comprising Material cost– Rs. 20,000 and conversion cost of Rs. 30,000
Units started / Introduced during the month	8000 units
Material Cost added during the month for Process A	Rs. 40,000
Conversion cost added during the month for Process A	Rs. 60,000
Closing Work in Progress	2000 units 1/2 (half) complete

The materials are added at the start of process A . There are no units lost in process A. ***Calculate the cost of the completed unit obtained after process A.***

**********End of Question Paper**********