

S.Y. BMS  
Oct-2005

GIRAFFE

Mgt- Acc.

Time : 2 hrs

Marks : 60

Instructions : i) Section A is compulsory.  
ii) Answer any three questions from Section- B.

**SECTION-A**

**Q.1 a) Explain the following concepts**

- a) Variance analysis
- b) Abnormal loss
- c) Break- even point
- d) Work-in-progress

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**Q.2** The following information relates to a building contract for Rs. 10,00,000.

	2003 (Rs.)	2004 (Rs.)
Materials issued	3,00,000	84,000
Direct wages	2,30,000	1,05,000
Direct expenses.	22,000	10,000
Indirect expenses.	6,000	1,400
Work certified	7,50,000	10,00,000
Work uncertified	8,000	—
Material at site	5,000	7,000
Plant issued	14,000	2,000
Cash received from contractor	6,00,000	10,00,000

The value of plant at the end of the 2003 & 2004 was Rs. 7,000 and Rs. 5,000 respectively. Prepare contract account for two years 2003 and 2004.

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**SECTION - B**

**Q.3** The finished product of a factory has to pass through three process A, B and C.

The normal wastage of each process is 2 % in A, 5 % in B and 10 % in C.

The scrap value of wastage of Process A, B and C are Rs. 10, Rs.40, Rs.20 per 100 units respectively.

The output of each process is transferred from Process C into stock. The following further information is obtained.

	Process		
	A (Rs.)	B (Rs.)	C (Rs.)
Materials consumed	12,000	4,000	4,000
Direct labour	8,000	6,000	6,000
Manufacturing Expenses.	2,000	4,000	2,000

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- Q.4** The company budgets for a production of 1,50,000 units. The variable cost per unit is Rs. 14 and fixed cost is Rs. 2 per unit. The company fixes its selling price to fetch a profit of 15% on cost.
- What is the break-even point ?
  - What is profit -volume ratio ?
  - If it reduces its selling price by 5% how the revised selling price affect the break - even point and the profit volume ratio ?
  - If a profit increase of 10% is desired more than the budget, what should be the sales at the reduced prices ?
- 10**
- Q.5** What are elements of a successful budgetary control plan? Explain the concepts of Budgets and standard cost.
- Q.6** What is Capital budgeting? Explain its importance and the traditional techniques used for appraising projects under capital budgeting. **10**

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