

CA Nitin Guru

Subject- **Cost and Management Accounting- By CA NITIN GURU**

Mock Test – 8

Standard Costing; Marginal Costing; Budget & Budgetary Control

Time: 1 Hour

M.M. – 30 Marks

Instructions-

1. This is a self paced test series, where you can do the test anytime after you complete your chapter and attempt the test and email it to us for checking or self evaluate with help of the solution set provided. For video solutions and test paper to be checked please email us at email id provided below.
2. Answer Sheet is in a single pdf format.
3. First Sheet contains all the information- Name, Registered Email id, Registered Mobile No., Test Number with Subject, website name through which you are watching our class.
4. NO answer sheet will be accepted over a chat box or telegram or any other mode other than email.
5. Test solutions should be emailed to test.canitinguru@gmail.com
6. Please give us at least 10 working days time to check and send back your test copy.
7. Sir, will record test paper discussion video as well, which you can watch and clarify your doubts if you have any. Solution videos will be available on youtube and please join our telegram channel [@canitinguru](https://t.me/canitinguru) to be updated with any announcement about test discussion.

Question 1.

[10 Marks]

Following are the standard cost for a product-X:	(Rs)
Direct materials 10 kg @ Rs 90 per kg	900
Direct labour 8 hours @ Rs 100 per hour	800
Variable Overhead 8 hours @ Rs 15 per hour	120
Fixed Overhead	400
	2,220

Budgeted output for the year was 2,000 units. Actual output is 1,800 units.

Actual cost for year is as follows:	(Rs)
Direct Materials 17,800 Kg @ Rs 92 per Kg.	16,37,600
Direct Labour 14,000 hours @ Rs 104 per hour	14,56,000
Variable Overhead incurred	2,17,500
Fixed Overhead incurred	7,68,000

You are required to CALCULATE:

- a. Material Usage Variance
- b. Material Price Variance
- c. Material Cost Variance
- d. Labour Efficiency Variance
- e. Labour Rate Variance
- f. Labour Cost Variance
- g. Variable Overhead Cost Variance
- h. Fixed Overhead Cost Variance.

Question 2.

[10 Marks]

A company has three factories situated in North, East and South with its Head Office in Mumbai. The Management has received the following summary report on the operations of each factory for a period:

(Rs in '000)

Factory	Sales		Profit	
	Actual	Over / (Under) Budget	Actual	Over / (Under) Budget
North	1,100	(400)	135	(180)
East	1,450	150	210	90
South	1,200	(200)	330	(110)

CALCULATE the following for each factory and for the company as a whole for the period:

- (i) Fixed Cost
- (ii) Break-even Sales

Question 3.

[10 Marks]

A Vehicle manufacturer has prepared sales budget for the next few months, and the following draft figures are available:

Month	No. of vehicles
October	40,000
November	35,000
December	45,000
January	60,000
February	65,000

To manufacture a vehicle a standard cost of Rs 11,42,800 is incurred and sold through dealers at a uniform selling price of Rs 17,14,200 to customers. Dealers are paid 15% commission on selling price on sale of a vehicle.

Apart from other materials, four units of Part - X are required to manufacture a vehicle. It is a policy of the company to hold stocks of Part-X at the end of each month to cover 40% of next month's production. 48,000 units of Part-X are in stock as on 1st October.

There are 9,500 nos. of completed vehicles in stock as on 1st October and it is policy to have stocks at the end of each month to cover 20% of the next month's sales.

You are required to -

- (i) PREPARE Production budget (in nos.) for the month of October, November, December and January.**
- (ii) PREPARE a Purchase budget for Part-X (in units) for the months of October, November and December.**
- (iii) CALCULATE the budgeted gross profit for the quarter October to December.**