COST '08 (2)

	Product A	Product M	Product Z
Budgeted Sale Units	2,400	3,000	2,000
Sale Price	Rs. 70	60	50
Material	Kg. 5	3	4
Labour Hour	Hour 4	3	2
Material Price	4	4	4
Labour Hour Rate	Rs. 3	3	3
Variable Overhead per unit	Rs. 7	13	8
Fixed cost per unit Rs.	10	10	10
Maximum Output sale-units	4,000	5,000	3,000

You are required to suggest most profitable product mix if
(a) Material Available is -21,000 kg
(b) Labour Hour Available - 18,600 Hours

5. Planners Ltd. provides following data of past 3 years when capacity utilised and costs incurred were. 20

Capacity Used	55%	65%	75%
Material Cost	11,00,000	13,00,000	15,00,000
Wages Cost	5,50,000	6,50,000	7,50,000
Factory Overheads	3,10,000	3,30,000	3,50,000
Administrator Overhead	1,60,000	1,60,000	1,60,000
Selling Overhead	3,20,000	3,60,000	4,00,000
Profits	6,10,000	7,00,000	7,90,000
Sales	30,50,000	35,00,000	39,50,000

Production Capacity is 75,000 units. For ensuing year company proposes to utilitie 80% of capacity. The company expects overall increase in cost as follows :—

Material Cost per unit — 8%
Wages Cost per unit — 5%
Factory Overhead — Variable — 5%
Factory Overhead — Fixed 10%
Administrative Overheads — 20%
Selling Overheads — Variable 8%
Selling Overhead — Fixed 15%

Profit as percentage of sales will remain same as in earlier years.

Prepare Budget for ensuing year indicating contribution and profit.

6. (a) "Fixed Cost per unit is variable and variable cost per unit is fixed" — Comment. 20
(b) Explain the Company Law provisions relating to Cost Accounting.

7. Compare and contrast (any two) :— 20
(a) Standards and Budget
(b) Period Cost and Product Cost
(c) Operation Costing and Operating Costing

8. Write short notes :— (any four) 20
(a) Profit on incomplete contract
(b) Equivalent Production
(c) Break Even Point
(d) Cash Budget
(e) Limiting Factor
Flexible Budget