

**D 140755**

(Pages : 4)

Name.....

Reg. No.....

**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
APRIL 2026**

B.B.A.

BBA 4B 06—COST AND MANAGEMENT ACCOUNTING

(2019 Syllabus)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.*

1. Define cost accounting.
2. Define pocket cost.
3. What is meant by budget ?
4. Mention two advantages of budgetary control.
5. Define Contribution.
6. Difference between management accounting and financial accounting.
7. What is meant by profit planning ?
8. What is variable cost ?
9. What is meant by break even chart ?
10. Define FIFO.
11. What is meant by job order costing ?
12. What are the objectives of cost accounting ?
13. Define cost sheet.
14. What is meant by absorption of overheads ?
15. Define imputed cost.

(15 × 2 = 30, Maximum Ceiling 25 marks)

**Turn over**

**Part B**

*Answer all questions.*

16. Briefly explain the methods for calculating labour cost
17. What are the features of process costing ?
18. Explain the elements of cost with examples.
19. Briefly explain the methods for pricing of issue of materials.
20. Define apportionment of Overheads. Briefly explain the different stages of apportionment.
21. A company produces a single product which sells for Rs. 20 per unit.

Variable cost is Rs. 15 per unit and Fixed overhead for the year is Rs. 6,30,000.

Required :

- (a) Calculate sales value needed to earn a profit of 10 % on sales.
  - (b) Calculate sales price per unit to bring BEP down to 1,20,000 units.
  - (c) Calculate margin of safety sales if profit is Rs. 60,000.
22. Calculate the ordering level of material A from the following particulars :
- Minimum Limit 1,000 units.
  - Maximum Limit 5,000 units.
  - Daily requirement of material 200 units.
  - Time required for fresh delivery 10 days.
23. Calculate the earnings of workers A and B under the Straight Piece-rate System and Taylor's Differential Piece-rate System from the following particulars.
- Normal rate per hour = Rs. 1.80
  - Standard time per unit = 20 seconds
- Differentials to be applied :
- 80 % of piece rate below standard
  - 120 % of piece rate at or above standard.
- Worker A produces 1,300 units per day, and worker B produces 1,500 units per day

(8 × 5 = 40, Maximum Ceiling 35 marks)

**Part C***Answer any two questions.*

24. Define cost. Explain different types of costs with examples.
25. ABC Limited provides the following trading results :

Year	Sale	Profit
2022-23	Rs. 25,00,000	Rs. 20,00,000
2023-24	10 % of Sale	8 % of Sale

You are required to calculate :

- Fixed Cost ;
  - Break-Even Point ;
  - Amount of profit, if the sale is Rs. 30,00,000 ;
  - Sale, when the desired profit is Rs. 4,75,000 ; and
  - Margin of Safety at a profit of Rs. 2,70,000.
26. The following information were received from the books of Poonam and Co. for the quarter ending on 31<sup>st</sup> March 2025 :

Stock of material on 31-03-2025	70,000	Expenses of stationery	11,350
Stock of material on 01-01-2025	1,00,000	Traveller's salaries and commission	9,000
Purchase of material	8,03,290	Depreciation on office furniture	700
Travelling expense	5,100	Directors fees	8,000
Carriage inwards	4,500	Fuel, gas	17,900
Carriage outwards	9,150	Manager's salary	18,000
Drawing office salaries	7,000	Income tax paid	12,000
Depreciation on plant	8,000	Donations	4,600
Factory rent, rates and insurance	11,200	Office expenses	5,000
Office rent	29,100	Air conditioning charges	4,000
Show room expenses	9,000	Labour welfare expenses	7,200
Productive wages paid	2,27,000	Outstanding productive wages	33,000
Repairs of machine, plant	10,000	Sales	13,70,000

**Turn over**

Prepare cost sheet assuming manager devotes  $\frac{2}{3}$  of his time to factory. Calculate Net profit and its percentage on total cost, Percentages of work overheads on productive wages and Percentage of office overheads on work cost.

27. XYZ Ltd. wishes to arrange overdraft facilities with its bankers from the period August to October 2023 when it will be manufacturing mostly for stock. Prepare a cash budget for the above period from the following data given below :

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Mfg. exp.(Rs.)	Office exp.(Rs)	Selling exp.(Rs.)
June	1,80,000	1,24,800	12,000	3,000	2,000	2,000
July	1,92,000	1,44,000	14,000	4,000	1,000	4,000
August	1,08,000	2,43,000	11,000	3,000	1,500	2,000
September	1,74,000	2,46,000	12,000	4,500	2,000	5,000
October	1,26,000	2,68,000	15,000	5,000	2,500	4,000
November	1,40,000	2,80,000	17,000	5,500	3,000	4,500
December	1,60,000	3,00,000	18,000	6,000	3,000	5,000

Additional Information :

- Cash on hand 1-08-2023 is Rs. 25,000.
- 50 % of credit sales are realized in the month following the sale and the remaining 50 % in the second month following. Creditors are paid in the month following the month of purchase.
- Lag in payment of manufacturing expenses half month.
- Lag in payment of other expenses one month.

(2 × 10 = 20 marks)

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Name.....

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**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
APRIL 2025**

B.B.A.

BBA 4B 06—COST AND MANAGEMENT ACCOUNTING

(2019—2023 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.*

1. What is meant by Cost ?
2. What is meant by buffer stock ?
3. What is meant by Direct Material ?
4. What is meant by VED analysis ?
5. What is meant by Overhead ?
6. What is meant by Stores Ledger ?
7. What is Perpetual Inventory System ?
8. What is Labour Turnover ?
9. What is meant by Management Accounting ?
10. What is meant by flexible budget ?
11. What is meant by ABC Analysis ?
12. What is Break Even Point ?
13. What is meant by Budget ?

**Turn over**

14. What is Margin of Safety ?  
15. What is Budgetary Control ?

(15 × 2 = 30, Maximum Ceiling 25 marks)

**Part B**

*Answer all questions.*

16. Fixed cost Rs. 8,000  
Profit earned Rs. 2,000  
Break even sales Rs. 40,000  
What is the actual sales ?
17. Materials X and Y are used as follows :  
Minimum usage - 50 units each per week  
Maximum usage -150 units each per week  
Normal usage -100 units each per week  
Ordering quantities ;  
X = 600 units  
Y = 1,000 units  
Delivery period ;  
X = 4 – 6 weeks  
Y = 2 – 4 weeks.

Calculate for each material :

(i) Maximum level ; (ii) Minimum level ; and (iii) Ordering level ?

18. Differentiate between Cost Accounting and Management Accounting ?  
19. What is Store Keeping ? State its objectives.  
20. What is meant by spoilage ? State its Accounting treatments.  
21. What is Differential Piece Rate system ? When is it used ?

22. In a factory guaranteed wages at the rate of 18.00 per hour are paid in a 48-hour week. By time and motion study it is estimated that to manufacture one unit of a particular product 20 minutes are taken. The time allowed is increased by 25 %. During one week Abraham produced 180 units of the product. Calculate his wages under each of the following methods : (a) Time rate ; and (b) Piece-rate with a guaranteed weekly wage ?
23. The following information is obtained from the records of a factory regarding the execution of two orders for the same quantity of a commodity :

	<i>Materials</i>	<i>Wages</i>	<i>Sale Price</i>	<i>Percentage of Profit on Cost of Production</i>
	Rs.	Rs.	Rs.	%
First order	25,000	20,000	85,800	10
Second order	36,000	28,000	1,23,760	12

Find out the percentage of Factory Overheads and Office Overheads.

(8 × 5 = 40, Maximum Ceiling 35 marks)

### Part C

24. Write an Essay on Classification of Costs ?
25. The following is a summary of the receipts and issues of materials in a factory during a month :

*Date*

- 1 Opening balance 500 units at R25 per unit.
- 3 Issue 70 units
- 4 Issue 100 units
- 8 Issue 80 units
- 13 Received 200 units @ 24.50 per unit.
- 14 Returned to store 15 units @ 124 per unit
- 16 Issue 180 units
- 20 Received 240 units @ 24.75 per unit
- 24 Issue 304 units
- 25 Received 320 units @R24.50 per unit
- 26 Issue 112 units
- 27 Returned to store 12 units @ 24.50 per unit
- 28 Received 100 units at 25 per unit.

Workout on the basis of FIFO. It is revealed that there was a shortage of 5 units on 15<sup>th</sup> and 8 units on 27<sup>th</sup> ?

**Turn over**

26. From the following you are required to prepare a statement showing the issues made under LIFO method :

*Date*

Opening Balance 100 units at 10 each.

1 Received 200 units at R10.50 each.

2 Received 300 units at 10.60 each.

4 Issued 400 units to Job A vide MR No. 3.

6 Issued 120 units to Job B vide MR No. 4.

7 Received 400 units at 11 each.

10 Issued 200 units to Job C vide MR No. 5.

12 Received 300 units at R11.40 each.

13 Received 200 units at. 11.50 each.

15 Issued 400 units to Job D vide MR No. 6.

27. The following information has been obtained form the records of ABC Co. Ltd. for the month of January, 2011 :

	Rs.
Cost of raw materials on 1/01/2011	... 30,000
Purchase of raw materials during the month	... 1,50,000
Wages paid	... 2,30,000
Factory overheads	... 92,000
Cost of work-in-progress on 1/01/2011	... 12,000
Cost of raw materials on 30 /01/2011	... 25,000
Cost of work-in-progress on 30 /01/2011	... 15,000
Cost of stock of finished goods on 1/01/2011	... 60,000
Cost of stock of finished goods on 30 /01/2011	... 55,000
Administration overheads	... 30,000
Seling and distribution overheads	... 20,000
Sales	... 9,00,000

Prepare : (i) Cost sheet showing the cost of production of goods manufactured ; and (ii) Statement showing the cost of sales and the profit earned.

(2 × 10 = 20 marks)

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Name.....

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**FOURTH SEMESTER (CBCSS-UG) DEGREE EXAMINATION  
APRIL 2024**

B.B.A.

BBA 4B 06—COST AND MANAGEMENT ACCOUNTING

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.*

1. What is meant by Cost ?
2. What is meant by Direct Material ?
3. What is meant by Overhead ?
4. What is meant by Management Accounting ?
5. What is meant by ABC Analysis ?
6. What is meant by Budget ?
7. What is meant by buffer stock ?
8. What is meant by inventory control ?
9. What is meant by Cost unit ?
10. What is Direct Labour cost ?
11. What is Idle Time ?
12. What is meant by fixed budget ?
13. What is Zero Base Budgeting ?
14. What is Break Even Analysis ?
15. What is meant by Marginal Cost ?

(15 × 2 = 30, Maximum Ceiling 25 Marks)

**Turn over**

**Part B***Answer all questions.*

16. Fixed cost = Rs. 12000  
Selling price = Rs. 12 per unit  
Variable cost = Rs. 9 per unit  
What will be the profit when sales are Rs. 60,000 ?
17. A factory requires 1,500 units of an item per month. The cost of each unit is 27. The cost per order is 150 and inventory carrying charge works out to 20% of the average inventory. Find out the economic order quantity (EOQ).
18. Differentiate between Bin Card and Stores Ledger.
19. Elaborate the nature of management Accounting.
20. What is meant by spoilage? State its Accounting treatments ?
21. What is Differential Piece Rate system? When is it used ?
22. In a factory guaranteed wages at the rate of 18.00 per hour are paid in a 48-hour week. By time and motion study it is estimated that to manufacture one unit of a particular product 20 minutes are taken. The time allowed is increased by 25%. During one week Abraham produced 180 units of the product. Calculate his wages under each of the following methods : (a) Time rate, (b) Piece-rate with a guaranteed weekly wage.
23. The following information is obtained from the records of a factory regarding the execution of two orders for the same quantity of a commodity :

	Materials	Wages	Sale Price	Percentage of Profit on Cost of Production %
	Rs.	Rs.	Rs.	
First order	25,000	20,000	85,000	10
Second order	36,000	28,000	1,23,760	12

Find out the percentage of Factory Overheads and Office Overheads.

(8 × 5 = 40, Maximum Ceiling 35 marks)

**Part C***Answer any two questions.*

24. Explain in detail on Classification of Costs.
25. The following is a summary of the receipts and issues of materials in a factory during a month:

Date

- 1 Opening balance 500 units @ R25 per unit.
- 3 Issue 70 units
- 4 Issue 100 units
- 8 Issue 80 units
- 13 Received 200 units @ 24.50 per unit.
- 14 Returned to store 15 units @ 24 per unit
- 16 Issue 180 units
- 20 Received 240 units @ 24.75 per unit
- 24 Issue 30 units
- 25 Received 320 units @ 24.50 per unit
- 26 Issue 112 units
- 27 Returned to store 12 units @ 24.50 per unit
- 28 Received 100 units at 25 per unit.

Workout on the basis of FIFO. It is revealed that there was a shortage of 5 units on 15th and 8 units on 27th.

26. The following particulars have been extracted from the books of a manufacturing company for the month of March, 2011 :

	Rs.
Stock of materials as on 1 st March, 2011	47,000
Stock of materials as on 31st March, 2011	50,000
Materials purchased during the month	2,08,000
Drawing office salaries	9,600
Counting house salaries	14,000
Carriage on purchases	8,200
Carriage on sales	5,100
Cash discount allowed	3,400

**Turn over**

	Rs.
Bad debts written off	4,700
Repairs of plant, machinery and tools	10,600
Rent, rates, taxes and insurance (factory)	3,000
Rent, rates, taxes and insurance (office)	1,000
Travelling expenses	3,100
Travelers' salaries and commission	8,400
Productive wages	1,40,000
Depreciation written off on plant, machinery and tools	7,100
Depreciation written off on office furniture	600
Directors' fees	6,000
Gas and water charges (factory)	1,500
Gas and water charges (office)	300
General charges	5,000
Managers salary	12,000

Out of 48 working hours in a week, the time devoted by the Manager to the factory and office was on an average 40 hours and 8 hours respectively throughout the month. 1,00,000 units were produced and sold; there was no opening or closing stock of ft.

Prepare a cost sheet showing the following:

- (i) Cost of Materials Consumed.
- (ii) Prime Cost.
- (iii) Works Overhead.
- (iv) Works Cost.
- (v) Office and Administration Overhead.
- (vi) Cost of Production.
- (vii) Selling and Distribution Overhead and
- (vii) Total Cost or Cost Sales.

27. The following information has been obtained from the records of ABC Co. Ltd. for the month of January, 2011 :

	Rs.
Cost of raw materials on 1/01/2011	30,000
Purchase of raw materials during the month	1,50,000
Wages paid	2,30,000
Factory overheads	92,000
Cost of work-in-progress on 1/01/2011	12,000
Cost of raw materials on 30 /01/2011	25,000
Cost of work-in-progress on 30 /01/2011	15,000
Cost of stock of finished goods on 1 /01/2011	60,000
Cost of stock of finished goods on 30 /01/2011	55,000
Administration overheads	30,000
Selling and distribution overheads	20,000
Sales	9,00,000

Prepare, (i) Cost sheet showing the cost of production of goods manufactured ; and (ii) Statement showing the cost of sales and the profit earned.

(2 × 10 = 20 marks)

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**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
APRIL 2023**

B.B.A.

BBA 4B 06—COST AND MANAGEMENT ACCOUNTING

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.*

1. What is meant by Costing ?
2. What is meant by Time rate system of wages ?
3. What is meant by Cost Sheet ?
4. What is meant by EOQ ?
5. What is meant by Reorder level ?
6. What is meant by Bin card ?
7. What is meant by VED analysis ?
8. What is meant by Stores Ledger ?
9. What is Perpetual Inventory System ?
10. What is Labour Turnover ?
11. What is Budgetary Control ?
12. What is meant by flexible budget ?
13. What is Break Even Point ?
14. What is Margin of Safety ?
15. What is meant by Prime Cost ?

(15 × 2 = 30, Maximum Ceiling 25 Marks)

**Part B***Answer all questions.*

16. Fixed cost Rs. 8,000.  
Profit earned Rs. 2,000.  
Break even sales Rs. 40,000.  
What is the actual sales ?

**Turn over**

17. Materials X and Y are used as follows :

Minimum usage - 50 units each per week

Maximum usage - 150 units each per week

Normal usage - 100 units each per week

Ordering quantities :

X = 600 units

Y = 1,000 units Delivery period

X = 4 – 6 weeks

Y = 2 – 4 weeks.

Calculate for each material : (i) Maximum level ; (ii) Minimum level ; and (iii) Ordering level ?

18. Differentiate between Cost Accounting and Management Accounting ?

19. What is Store Keeping ? State its objectives ?

20. Advantages and Disadvantages of Time Rate System ?

21. Elaborate the various classifications of Cost Centres ?

22. From the following figures ascertain the break-even sales and margin of safety ; Sales = 20,00,000  
Fixed Costs = 5,00,000 Variable costs = 12,00,000 ?

23. From the following comparative statements of the years 2010 and 2011 :

(a) Find out whether the year 2011 showed an overall better performance or otherwise :

(b) Possible causes of difference :

		2010	2011
		Rs.	Rs.
Wages incurred	...	2,80,000	5,10,000
Units produced	...	16,000	25,000
Average number of workers	...	225	400

(Assume production of only one quality and same machinery conditions in both years)

(8 × 5 = 40, Maximum Ceiling 35 Marks)

### Part C

*Answer any two questions.*

24. Write an Essay on various Premium Bonus Plans ?

25. From the following you are required to prepare a statement showing the issues made under LIFO method :

Date Opening Balance 100 units at 10 each :

1 Received 200 units at R10.50 each

2 Received 300 units at 10.60 each

- 4 Issued 400 units to Job A vide MR No. 3
- 6 Issued 120 units to Job B vide MR No. 4
- 7 Received 400 units at 11 each
- 10 Issued 200 units to Job C vide MR No. 5
- 12 Received 300 units at R11.40 each
- 13 Received 200 units at 11.50 each
- 15 Issued 400 units to Job D vide MR No. 6.

26. The following particulars have been extracted from the books of a manufacturing company for the month of March, 2011 :

	Rs.
Stock of materials as on 1 <sup>st</sup> March, 2011	... 47,000
Stock of materials as on 31 <sup>st</sup> March, 2011	... 50,000
Materials purchased during the month	... 2,08,000
Drawing office salaries	... 9,600
Counting house salaries	... 14,000
Carriage on purchases	... 8,200
Carriage on sales	... 5,100
Cash discount allowed	... 3,400
Bad debts written off	... 4,700
Repairs of plant, machinery and tools	... 10,600
Rent, rates, taxes and insurance (factory)	... 3,000
Rent, rates, taxes and insurance (office)	... 1,000
Travelling expenses	... 3,100.
Travelers' salaries and commission	... 8,400
Productive wages	... 1,40,000
Depreciation written off on plant, machinery and tools	... 7,100
Depreciation written off on office furniture	... 600
Directors' fees	... 6,000
Gas and water charges (factory)	... 1,500
Gas and water charges (office)	... 300
General charges	... 5,000
Managers salary	... 12,000

**Turn over**

Out of 48 working hours in a week, the time devoted by the Manager to the factory and office was on an average 40 hours and 8 hours respectively throughout the month. 1,00,000 units were produced and sold ; there was no opening or closing stock of ft.

Prepare a cost sheet showing the following :

- (i) Cost of Materials Consumed :
- (ii) Prime Cost.
- (ii) Works Overhead.
- (iv) Works Cost.
- (v) Office and Administration Overhead.
- (vi) Cost of Production.
- (vii) Selling and Distribution Overhead and
- (viii) Total Cost or Cost Sales.

27. AB Ltd is engaged in the process engineering industry. During the month, October 2007, 2000 units were introduced in process 'X'. The normal loss is estimated at 5 % of input. At the end of the month, 1400 units had been produced and transferred to process 'Y', 460 were incomplete units, and 140 units had to be scrapped at the end of the process. The incomplete units reached the following degree of completion : Material: 75 %, Labor: 50 %, overheads: 50 %

Following are the further details regarding process X.

Cost of 2,000 units introduced : Rs. 58,000

Additional material consumed Rs. 14,400

Direct labor : Rs. 33,400

Allocated overheads : Rs. 16,700

Note : The scrapped units fetched Rs. 10 each.

Required : [As per First in First Out Method].

- (A) Statement of equivalent production.
- (B) Statement of cost.
- (C) Statement of evaluation.

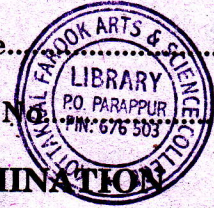
(2 × 10 = 20 marks)

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Name.....

Reg. No.....



**FOURTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION**

**APRIL 2021**

**B.B.A.**

**BBA 4B 06—COST AND MANAGEMENT ACCOUNTING**

**Time : Two Hours and a Half**

**Maximum : 80 Marks**

**Section A**

*Answer at least ten questions.  
Each question carries 3 marks.  
All questions can be attended.  
Overall Ceiling 30.*

1. Define Management Accounting.
2. What is cost centre ?
3. What is danger level ?
4. What is meant by functional budget ?
5. What do you mean by direct expenses ?
6. What is retention money ?
7. What is meant by Prime Cost ?
8. What is P/V ratio ?
9. What is a break-even chart ?
10. What is abnormal loss ?
11. What do you mean by overheads ?
12. What is EOQ ?
13. What is a stores ledger ?
14. What is batch costing ?
15. What do you mean by idle time ?

**(10 × 3 = 30 marks)**

**Turn over**

### Section B

*Answer at least five questions.  
Each question carries 6 marks.  
All questions can be attended.  
Overall Ceiling 30.*

16. What are the objectives of cost accounting ?
17. Distinguish between allocation and apportionment of overheads.
18. Explain the advantages of effective material control system.
19. What are the objectives of budgetary control ?
20. Standard Time : 12 hours.  
Time taken : 8 hours.  
Time Rate : Rs. 5 per hour.

Compute the total earnings under Halsey Plan.

21. From the following particulars, find out (i) Re-order level ; (ii) Minimum level ; and (iii) Maximum level :

Re-order quantity	... 10,000 units
Time required for delivery	... 2 to 4 months
Maximum consumption	... 2,500 units per month.
Normal consumption	... 2,000 units per month.
Minimum consumption	... 1,500 units per month.

22. Prepare job cost sheet from the following details of Snowfall Ltd. :

	Rs.
Materials used	... 18,000
Direct wages	... 16,000
Works overhead	... 4,000
General expenses	... 1,900

23. From the following information, calculate Break-Even Point in amount and in units :

	Rs.
Units Produced	... 20,000
Sales revenue	... 2,50,000
Fixed costs	... 40,000
Variable costs	... 1,45,000

(5 × 6 = 30 marks)

### Section C

*Answer any two questions.*

*Each question carries 10 marks.*

24. Define Management Accounting. Explain its objectives and bring out the tools used in management accounting.
25. The following particulars have been obtained from the cost records of a company for the year 2019 :

	Rs.
Materials used in manufacturing	1,30,000
Materials used in selling the product	3,000
Material used in the factory	1,500
Productive wages	30,000
Factory supervision expenses	4,000
Materials used for office	2,500
Direct expenses	10,000
Indirect expenses - Factory	2,000
Administration expenses	3,000
Depreciation on factory building	3,500
Depreciation on office building	1,500
Freight on materials purchased	5,000
Depreciation on delivery van	1,000
Salary paid to the driver of the van	3,600
Advertisement	2,000
Bad debt	1,500

Prepare a statement of cost and profit assuming that all products manufactured during the year have been sold to earn a profit of 20 % on selling price.

Turn over

26. Sunrise Limited produced three products during November 2020 by three consecutive processes. In each process, 2 % of the total materials put in is lost and 10 % is scrap which from processes 1 and 2 realises Rs. 100 per ton and from process 3 Rs. 20 per ton. The products of three processes are dealt with as follows. Prepare process cost accounts showing the cost per ton of each product.

Particulars	Process 1	Process 2	Process 3
Passed on to the next process	75 %	50 %	—
Sent to warehouse for sale	25 %	50 %	100 %
Raw materials (Qty)	1,000 tons	140 tons	1,348 tons
Raw materials (Amount)	1,20,000	28,000	1,07,840
Manufacturing wages (Amount)	20,500	18,520	15,000
General expenses	10,300	7,240	3,100

27. The following is the income and expenditure forecasts of a company for the months of March to July 2020 :

Month	Sales	Purchases	Wages
March	60,000	36,000	9,000
April	62,000	38,000	8,000
May	64,000	33,000	10,000
June	58,000	39,000	8,500
July	56,000	39,000	9,500

Prepare cash budgets for three months starting from 1<sup>st</sup> May 2020.

- (i) Cash balance on 1<sup>st</sup> May 2020 Rs. 8,000.
- (ii) Advance tax Rs. 8,000 payable in March and June each.
- (iii) Credit allowed by suppliers is 2 months and allowed to customers is 1 month.
- (iv) Lag in payment of wages is 1<sup>st</sup> month.

(2 × 10 = 20 marks)