Time Allowed : 3 hours	Full Syllabus Paper-01	Total : 100 Marks

Part I : Case Scenario Based MCQs (30 Marks)

Q.1 The management of a company are worried about their increasing labour turnover in the factory and before analyzing the causes and taking remedial steps, they want to have an idea of the profit foregone as a result of labour turnover in the last year. Last year sale amounted ₹ 83,03,300 and variable cost was 80% of sales. The total number of actual hours worked by the Direct Labour Force was 4.45 lakhs.

As a result of the delay by the Personnel Department in filling vacancies due to labour turnover, 1,00,000 potentially productive hours were lost. The actual direct labour hours included 30,000 hours attributable to training new recruits, out of which half of the hours were unproductive.The costs incurred consequent on labour turnover revealed on analysis the following: -

Settlement costs due to leaving -₹43,820	Selection costs -₹12,750
Recruitment costs -₹26,740	Training costs -₹30,490

Assuming that the potential production lost as a consequence of labour turnover could have been sold at prevailing prices.

You are asked to calculate the following:

(i) Total labour hours lost due to the problem of labour turnover, i.e., unproductive training + Delay in replacement.
(A) 1,00,000 hours (B) 1,30,000 hours (C) 1,15,000 hours (D) 1,45,000 houurs

(ii) Additional Sales which could have been obtained had there been no labour turnover.
(A) ₹ 22,20,650 (B) ₹ 22,02,650 (C) 22,22,650 (D) ₹ 22,00,650

(iii) If there were no labour turnover, total sales would have been
(A) ₹ 1,05,32,950 (B) 1,05,32,590 (C) ₹ 1,05,23,590 (D) 1,05,23,950

(iv) Total Profit foregone due to labour turnover is:-
(A) ₹ 5,75,930 (B) ₹ 5,57,930 (C) ₹ 5,75,390 (D) 5,57,390

(v) If sales is lost due to labour turnover then
(A) Proportionate Variable Cost will also be saved.
(B) Proportionate Fixed Cost will also be saved.
(C) Both Variable & Fixed Cost can be saved
(D) None of the above **(10 Marks)**

Q.2 Mr. Arun commence manufacture of toy trains on 1st January, 2024. His trading account for the first year is as follows:

Particulars	**Units**	**Amount (₹)**	**Amount (₹)**
Sales	1,00,000		4,50,00,000
Less: Cost of Sales:			
Opening stock of raw materials		NIL	
Add: Purchases		4,50,00,000	
Less: Closing Stock		(45,00,000)	
Raw material consumed		4,05,00,000	
Add: Labor		1,44,00,000	
Add: Production overhead		72,00,000	
Cost of production	1,60,000	6,21,00,000	
Less: closing stock	(60,000)	(2,16,00,000)	(4,05,00,000)
Gross profit	1,00,000		45,00,000

Additional information:

1. Stocks of both raw materials and finished goods have increased uniformly over the year;
2. The raw materials content of finished goods is ₹ 225 per unit;

Mr. Arun was ill during August 2024 when he received an order for 12,000 units which was held up by stock shortage and were subsequently cancelled. He had further orders for 8,000 units on his books at the year end.

You are asked to calculate the following:

(i) Raw material turnover ratio
(A) 20 times. (B) 18 times. (C) 25 times. (D) 30 times.

(ii) Input – Output Ratio
(A) 100% (B) 110% (C) 112.5% (D) 115%

(iii) Finished Goods Turnover Ratio
(A) 3 times (B) 3.5 times (C) 3.75 times (D) 3.85 times.

(iv) Stock – out ratio
(A) 8% (B) 9% (C) 9.5% (D) 10%

(v) Stock – out ratio indicates that the organization lacks internal control system regarding stock management.
(A) True (B) False (C) Both (D) Can't say **(10 Marks)**

Q.3 A skilled worker is paid a guaranteed wage rate of ₹ 120 per hour. The standard time allowed for a job is 6 hours. He took 5 hours to complete the job. He is paid wages under Rowan incentive plan. If the worker is placed under Halsey incentive scheme (50%) and he wants to maintain the same effective hourly rate of earnings, calculate the time in which he should complete the job.
(A) 5 hours (B) 6 hours (C) 5.5 hours (D) 4.5 hours **(2 Marks)**

Q.4 P/V Ratio = 28%
Fixed Cost = ₹ 2,80,000
Sales for desired profit of ₹ 70,000 is
(a) ₹ 12,00,000 **(b)** ₹ 12,50,000 **(c)** ₹ 11,50,000 **(d)** ₹ 10,00,000 **(2 Marks)**

Q.5 Activity Ratio is 96% and Capacity Ratio is 80%. Efficiency Ratio is:-
(a) 110% **(b)** 115% **(c)** 120% **(d)** 125% **(2 Marks)**

Q.6 Total Factory Overheads = ₹ 1,20,000
Budgeted Machine Hours = 15,000 Hours
Normal Loss = 3,000 Machine Hours
Abnormal Loss = 2,000 Machine Hours
Calculate Machine Hour Rate
(a) ₹ 8 per Machine Hour **(b)** ₹ 10 per Machine Hour
(c) ₹ 12 per Machine Hour **(d)** None of the Above
(2 Marks)

Q.7 Total Monthly Cost of running a bus = ₹ 2,40,000.
Total travelling in a month = 3,000 kms.
Capacity = 100 passengers
Normal Occupancy = 80%
Calculate Cost per passenger – km
(a) ₹ 1 **(b)** ₹ 2 **(c)** ₹ 3 **(d)** None of the Above **(2 Marks)**