1. Gemco International is an Indian jewellery exporter. Its budgeted sales for one month were 200 units at Rs 100. Actual sales were 190 units at Rs 110..  
   (a) The Finance Department calculated the sales variance to be (1)
2. Rs 20 000 favourable
3. Rs 20 000 adverse
4. Rs 900 favourable
5. Rs 900 adverse (3)

Answer [ ]

(b) Explain why this answer is correct.

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1. The City Council of Kingston in New York decided to use a zero-based budgeting system for the first time for the financial year 2014–2015...  
   (a) The Finance Department calculated the sales variance to be (1)
2. efficient in allocating resources
3. a quick method of budgeting
4. produced by an accountant
5. based on previous data

Answer [ ]

(b) Explain why this answer is correct. (3)

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1. (a) Analyse why it might be difficult to estimate future sales for MUFC. (6)

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1. (a) The Finance department of Forever Unique, an online women’s clothing business, compares budgeted overhead figures with actual figures.  
   This is most likely to result in (1)
2. holding high inventory levels
3. identifying possible variances
4. accepting a new order
5. changing supplier credit terms (3)

Answer [ ]

(b) Explain why this answer is correct.

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