



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management

Dec 2018

PAPER No. 15

COST AND FINANCIAL MANAGEMENT

Date : 27.12..2018

Max. Marks :100

Time : 2.00 p.m to 5.00 pm

Duration : 3 Hrs.

Instructions:

1. The question paper is in three parts
2. Part A is compulsory. Each sub question carries one mark. **Total marks-32**
3. In Part B answer any 3 questions out of 5. Each question carries 16 marks **Total marks-48**
4. Part C is a case study with sub questions and it is compulsory. **Total marks-20**

PART A

(32 marks)

(compulsory. Each sub question carry one mark)

Q.1.Select the most appropriate answer from the options given below:

8 marks

A) The Institute of Cost and Works Accountant of India is Situated in :

- i) Delhi
- ii) Mumbai
- iii) Chennai
- iv) Kolkata

B. The Total volume of direct cost is known as_____

- i) Prime Cost
- ii) Factory Cost
- iii) Cost of Sales
- iv) Production Cost

C. P/V Ratio =

- i) $S-V/S$
- ii) $S-V/S*100$
- iii) $\text{Profit}/\text{sales}*100$
- iv) None of these

D. Budget Presents :

- i) Past performance
- ii) Actual Performance
- iii) Future forecasting
- iv) Desired result

E. Financially Decision is related to :

- i) Capital Structure
- ii) Purchase of Fixed assets
- iii) Dividend distribution
- iv) Maintenance of accounts

F. Working Capital is also known as :

- i) Circulating Capital
- ii) Revolving Capital
- iii) Long –term capital
- iv) Both (a) & (b)

G. Traditional approach to Finance function was evolved:

- i) Before 1920
- ii) Between 1920 and 1930
- iii) In 1950
- iv) None of These

H. Cost Accounting is _____

- i) An Art
- ii) A Science
- iii) Art and Science both
- iv) None of above

Q.2. State Whether the following statements are True or False .

8 marks

- a) The term overhead includes indirect labour expenses.
- b) Cost sheet may be prepared on the basis of actual data or an estimated data.
- c) Rule 72 is useful in determining the future value of an annuity for six year at interest rate of 12%.
- d) The inverse of FVIFA is equal to the PVIFA.
- e) Margin of safety is an important concept in marginal costing approach.
- f) The term "Variance" means deviation, difference and so on.
- g) Financial structure means excess of liabilities over assets.
- h) Nature of Business is one of the factor which influencing working capital.

Q.3. Fill in the blanks with appropriate words:

8 marks

- a) Cast has been defined in terminology given by the Institute of cost and Management _____.
- b) Cost – volume – profit analysis is the analysis of _____ Variables.
- c) In standard costing, variance means the difference between the standard cost and the _____ cost .
- d) "Finance is the backbone of every _____"
- e) The Ideal ratio of current Ratio is _____.
- f) Capital structure is that part of financial structure which represents _____ sources.
- g) Cost of Capital is a central concept in _____ management.
- h) Financial market may be classified into _____ categories.

Q.4. Expand the following abbreviations -

8 marks

- a) NSE
- b) CRISIL
- c) CARE
- d) OTCEI
- e) ROE
- f) MCV
- g) APM
- h) EBIT

PART B

(Answer Any Three Questions each question carry 16 marks)

48 marks

Q.5. Write short notes on (any four) -

(4x4=16 marks)

- a) Unit Costing
- b) Flexible Budget
- c) Financial Decision
- d) Marginal Cost of Capital
- e) Operating Cycle
- f) Money market

Q.6. a) Discuss the concept of cost classification?

8 marks

b) What is a Break-Even Analysis? Describe its Assumption?

8 marks

Q.7. a) What is Performance budgeting? Enumerate steps in performance budgeting and its objectives.

8 marks

b) What is Variance Analysis ? Discuss its Importance.

8 marks

Q.8. a) Define Financial Management? What is Financial Functions?

8 marks

b) Briefly describe the Profitability Ratios.

8 marks

Q.9. a) Write a note on gross working capital and net working capital.

8 marks

b) Find the following details find out:

8 marks

(i) P/V Ratio, (ii) Break-even Point, and (iii) Margin of Safety.

Sales Rs.1,00,000

Total cost Rs. 75,000

Fixed cost Rs. 20,000

Net Profit Rs. 25,000

PART- C (Compulsory)

20 Marks

Q.10.The following details are extracted from the accounting books of a manufacturer:

Material Purchased and Consumed	10,000
Direct Labour Expenses	20,000
Direct Expenses	5,900
Factory Depreciation	100
Repairs and Renewals	200
Insurance	500
Rent, Rates and Taxes	600
Electric Consumption	100
Power	100
Fuel	50
Water	50
Watchman's Wages	100
Factory Manager's Salary	500
Foreman's Salary	100
Office Stationary	50
General Charges	100
Bank Charges	150
Office Rent	100
Postage & Stamps	40
Telephone & Telegrams	10
Manager's salary	500
Office Clerk's Salary	200
Advertising	100
Commission to Salesmen	200
Discounts	100

Prepare a Cost Sheet.
