



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management- 3 years/Lateral

Dec 2019

PAPER No. 15

COST AND FINANCIAL MANAGEMENT

Date :26.12.2019

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.
3. In Part B answer any 5 questions . Each question carries 16 marks

Total marks-25
Total marks-75

PART A

(25 marks)

(compulsory. Each sub question carry one mark)

Q.1 Give the expansion of the following

4 marks

- a ICMA b DBCR c CHIPS d DCF

Q.2 State True or False

5 marks

- a All indirect costs are overheads
- b P/V ratio does not express the relation of contribution to sales.
- c Leverage ratios indicate the long term solvency position of an organization
- d. There are three major theories explaining the relationship between capital structure, cost of capital and valuation of the firm
- e Sales budget is a functional budget

Q.3 Fill in the blanks

8 marks

- a . ARR method gives the true value of -----
- b Capital market is a place where people buy and sell financial instruments be it ----- or debt
- c . ROE is return on -----
- d Profit volume ratio is the function of sales and ----- costs
- e. A fixed budget means a budget which is prepared on the basis of a standard or fixed level of -----
- f .OTCEI IS Over The Counter ----- Of India
- g. DSCR is Debt Service -----Ratio
- h Valuation of equity shares is based on two approaches i.e. dividend capitalization approach and ----- capitalization approach

Q. 4 Match the following

8 marks

Column A

Column B

- | | |
|---------------------|-----------------------|
| 1. LIC | a. long term debt |
| 2. ICRA | b. Fixed cost |
| 3. SEBI | c. Semi-variable cost |
| 4. NSE | d Variable cost |
| 5. Bonds | e. Capital market |
| 6. Factory rent | f. Regulatory body |
| 7. Electricity | g. Credit rating |
| 8. fuel for airline | h. Investment company |

PART B

(Answer Any Five Questions each question carry 15 marks)

75 marks

Q 5. Write short notes (on any Three) (3 x5 = 15 marks)

- a Performance budget
- b Profitability index
- c Cost centre
- d Concept of budget
- e Liquidity ratios
- f Credit rating

Q6 a)Discuss the importance and limitations of ratio analysis. [8 marks]

b) What is break-even chart? List its advantages. . [7 marks]

Q 7 a). List the main differences between budget and forecast [8 marks]

b) Explain the factors contributing to the time value of money. [7 marks]

Q. 8 What is the importance of working capital? Mention long-term and short-term sources of finance available for working capital. (15 marks)

Q9 a) Discuss the reasons due to which capital budgeting decisions are significant[8 marks]

- b) AB &Co is considering a proposal for an investment of Rs. 1,00,000 /- and the annual cash flows for 5 years is Rs 22500 ,Rs. 32500 ,Rs .25000 ,Rs 15000 and Rs.2 0000 .Calculate the payback period and advise whether the proposal can be accepted if the standard pay back period is 4 years. [7 marks]**

Q 10 . Prepare a Cost Sheet based on the following details extracted from the accountings books of a manufacturer:-**(15 marks)**

Particulars	Rs.
Materials Purchased and Consumed	12000
Direct Labour Expenses	22000
Direct Expenses	6300
Factory depreciation	110
Repairs and Renewals	220
Insurance	520
Rent, Rates and Taxes	630
Electric Consumption	150
Power	110
Fuel	60
Water	50
Watchman's Wages	110
Factory Manager's 'Salary	550
Foreman's Salary	110
Office Stationary	50
General Charges	120
Bank Charges	160
Office Rent	100
Postage & Stamps	40
Telephones	10
Manager' Salary	520
Office Clerk's Salary	220
Advertising	110
Commission to Salesmen	220
Discounts	110
