



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management - 3 years

July 2019

PAPER No. 15
COST AND FINANCIAL MANAGEMENT

Date :24.07.2019

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 3 questions out of 5. Each question carries 16 marks
4. Part C is a case study with sub questions and it is compulsory.

Total marks-32

Total marks-48

Total marks-20

PART A

(32 marks)

(compulsory. Each sub question carry one mark)

Q1) Give the full form of

- | | | | |
|----------|---------|----------|--------|
| 1) CAPM | 2) MSUV | 3) PAT | 4) NPV |
| 5) SWIFT | 6) IGST | 7) FHCIL | 8) MSS |

Q2) Write True or False

- 1) At Breakeven point, contribution is equal to fixed cost.
- 2) $MCV = MMV + MYV$
- 3) RBI is the highest monetary authority.
- 4) In the primary market, shares of existing companies are bought and sold.
- 5) Supplier's credit is a source of short term finance.
- 6) Cost of special dye is a direct cost.
- 7) Treasury Bill is a short term security.
- 8) Net working capital is an excess of current assets over current liabilities.

Q3) Fill in the blanks

- 1) Gross working capital refers to _____ .
- 2) A debenture holder is a _____ to the company.
- 3) DOL multiplied by DFL is _____.
- 4) Profit = Contribution minus _____.
- 5) Capital market is regulated by _____.
- 6) Stock turnover is Cost of goods divided by _____ . -
- 7) Capital gearing ratio is a _____ term solvency ratio.
- 8) RBI was established in the year _____ .

Q4) Match the following

Column A	Column B
1) Henry Fayol	a) Factory cost
2) BEP analysis	b) Variable cost
3) GST	c) Unavoidable cost
4) Equity share	d) Net present value
5) Time value of money	e) Long term finance
6) Fixed cost	f) Indirect Tax
7) Marginal Costing	g) Budgetary control
8) Works cost	h) Modern theory of management

PART B

(Answer Any Three Questions each question carry 16 marks)

48 marks

Q5) Write short note on any 4 of the following: (4x 4 = 16 marks)

1. Profit Maximization
2. Zero based budgeting
3. Internal rate of return (IRR)
4. Overhead
5. Activity based costing (ABC)
6. Economic order quantity

Q6) What are the key elements of cost? (16 marks)

Q7) a) What is the difference between cost accounting and financial accounting? (8 marks)

b) Annual consumption – 6000 Kg

Ordering cost = Rs. 60

Price of the material = Rs. 20 per Kg

Carrying cost = 20%

Find 1) EOQ 2) Number of orders 3) Ordering period 4) Inventory cost (8 marks)

Q8) a) From the following details find out: (i) P/V Ratio, (ii) Break-even point, and (iii) Margin of safety.

(8 marks)

Sales Rs. 2,00,000

Total Cost Rs. 1,50,000

Fixed Cost Rs. 50,000

Net Profit Rs. 50,000

b) What are the advantages of Ratio analysis?

(8 marks)

Q9) a) Standard labour time per unit is 2 hrs @ Rs. 20 per hr.

(8 marks)

Actual labour hours for 100 units is 190 hrs @ Rs. 24 per hr.

Find Labour Rate variance, Labour time variance and Labour cost variance.

b) What are the uses of Breakeven analysis?

(8 marks)

PART- C (Compulsory)

20 Marks

Q10) Prepare the cost sheet from the following particulars.

Units produced = 2000

Material consumed = Rs. 3,00,000/-

Direct wages = Rs. 2,50,000/-

Direct expense = Rs. 50,000/-

Works on cost = 80% of wages

Administrative overhead = 20% of factory cost

Selling expenses = Rs. 27,000 @ Rs.15 per unit sold

Profit = 20% of sales
