GL BAJAJ
Institute of Management & Research
Approved by A.I.C.T.E., Ministry of HRD, Govt. of India
Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

Roll No……

POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21)
END TERM EXAMINATION (TERM - II)

Subject Name: Costing and Control Management — Time: **02.30 hrs.**
Sub. Code: PG31 — Max Marks: **60**

Note:
1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A & C. Section A carries 8 questions of 2.5 marks each, Section B carries 5 questions of 04 marks each and Section C carries 1 Case Study of 20 marks.

SECTION - A

Attempt all questions. All questions are compulsory. **2.5×08 = 20 Marks**

Q. 1 (A): What is the difference between relevant cost and irrelevant costs..

Q. 1 (B): Explain the terms 'budget', 'budgeting' and 'budgetary control'.
Q. 1 (C): What is profit-volume graph?
Q. 1 (D): Write a short note on traditional versus ABC approach to design a costing system.
Q. 1 (E): What is shut down point? How does it help in taking decision regarding shut down or continue?
Q. 1 (F): What purpose does the cash budget serve for the finance department of an organization?

Q. 1 (G): Exide manufacturing firms sold 40,000 units of its product for Rs. 2 per unit in 2018. Its variable cost per unit is Rs. 1.50 and total fixed cost is Rs. 15,000. Compute P/V ratio, break-even point and margin of safety at this level.

Q. 1 (H): A trading firm is currently earning a contribution of Rs. 1,00,000 and net profit of Rs. 75,000 on sales of Rs. 4,00,000. The manager is worried about the volatility in their trade. Compute the Margin of Safety in its current business.

SECTION - B

Attempt any five out of six questions. **04×05 = 20 Marks**

Q. 2: Explain the meaning, causes and the persons responsible for the following variances:
a) Material usage variance
b) Material price variance.
Q. 3: Explain the advantages and limitations of standard costing.
Q. 4: How to achieve the profit maximization objective in the short-term business situations such as: product-mix decisions, sell or process further and acceptance or rejection of special orders?

Q. 5: Selling price is Rs. 20 per unit, Variable cost is Rs. 10 per unit, fixed overhead is Rs. 1,00,000 and actual output is 20,000 units. You are required to draw a break-even chart showing the break-even point and other important information with proper calculation.

Q. 6: Calculate the labour time variance and labour rate variance from the following:
Standard output: 1,000 units Actual hours worked: 6,000 hrs.

Standard time for one unit: 5 hrs. Actual rate per hour: Rs. 3.50
Standard rate per hour: Rs. 4.00 Actual Output: 1,500 units

Q. 7: The following information relates to a company:

	At 80% capacity
Variable cost:	
Direct Labour	18,000
Material cost	6,000
Semi-variable cost:	
Power (30% fixed, 70% variable)	40,000
Repairs and maintenance (80% fixed, 20% variable)	6,000
Fixed overheads:	
Depreciation	11,000
Insurance	5,000
Salaries	10,000

Draw up a flexible budget at 60% and 80% plant capacity.

SECTION - C

Read the case and answer the questions **10×02 = 20 Marks**

Case Study:

The following details have been recorded for 4 batches made in a period:

Batch	**A**	**B**	**C**	**D**
Output in units	250	60	200	120
Cost per batch				
Direct Material (Rs.)	1650	750	2100	900
Direct Labour (Rs.)	9200	1520	6880	2400
Labour hours per batch (Hours)	1150	190	860	300

The total production overhead for the period has been analyzed as follows:

	Rs.
Machine related costs	14,600
Material handling & dispatch	6,800
Stores	8,250
Inspection/quality control	5,850
Setup	6,200
Engineering support	8,300
Total Overheads	**50,000**

The following cost driver volumes were recorded for the batches:

Batch	**A**	**B**	**C**	**D**	**Total**
Machine hours per batch	520	255	610	325	1,710
Material handling	180	70	205	40	495
Requisitions for stores	40	21	43	26	130
Inspections	18	8	13	8	47
Setups	12	7	16	8	43
Engineering hours	65	38	52	35	190

Required:

Q 8(A): You are required to calculate the batch and unit costs using traditional costing based on labour hours.

Q 8(B): You are required to calculate the batch and unit costs using ABC.

Question Number	CLO
Q. 1 (A)	CLO 1: Understand and identify the key elements of costing and management control system.
Q. 1 (B)	CLO 1: Understand and identify the key elements of costing and management control system.
Q. 1 (C)	CLO 4: Proposing various cost control in overall financial planning and decision making.
Q. 1 (D)	CLO 1: Understand and identify the key elements of costing and management control system.
Q. 1 (E)	CLO 2: Identify how costing and control system helps managers to solve the managerial problems.
Q. 1 (F)	CLO 1: Understand and identify the key elements of costing and management control system.
Q. 1 (G)	CLO 3: Critically analyze and evaluate costing alternatives from business perspectives.
Q. 1 (H)	CLO 3: Critically analyze and evaluate costing alternatives from business perspectives.
Q. 2	CLO 4: Proposing various cost control in overall financial planning and decision making.
Q. 3	CLO 1: Understand and identify the key elements of costing and management control system.
Q. 4	CLO 4: Proposing various cost control in overall financial planning and decision making.
Q. 5	CLO 3: Critically analyze and evaluate costing alternatives from business perspectives.
Q. 6	CLO 4: Proposing various cost control in overall financial planning and decision making.
Q. 7	CLO 3: Critically analyze and evaluate costing alternatives from business perspectives.
Q. 8 (A)	CLO 4: Proposing various cost control in overall financial planning and decision making.
Q. 8 (B)	CLO 4: Proposing various cost control in overall financial planning and decision making.