GL BAJAJ
Institute of Management & Research
Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No…………

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21)

MID TERM EXAMINATIONS (TERM - II)

Subject Name: **Costing and Control Management**	Time: **01.30 hrs**
Sub. Code: **PG-31**	Max Marks: **20**

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, B & C. Section A carries 1 Case Study of 8 marks. Section B carries 3 questions of 2 marks each and Section C carries 2 questions of 3 marks each.

SECTION - A — 04+04 = 08 Marks

Q1: Case Study:
Dynamics Ltd. Manufactures 2,000 premium perfumes in Mumbai. The cost per perfume is Rs. 180. The home market consumes the entire volume of production at a selling price of Rs. 185 per perfume. In the next year, a fall in demand in home market is expected as a result of which the home market is likely to consume 2,000 units only if the selling price is brought down to Rs. 175 per perfume. The analysis of the cost per 2,000 perfumes is:

Material	Rs. 40,000	Fixed Overheads	Rs. 26,000
Labor	Rs. 75,000	Variable Overheads:	Rs. 20,000

The Marketing department of the company did an extensive research and found that export order from China can be obtained for 3,000 units of perfumes if it sold for Rs. 173 per perfume. This will result in an additional fixed cost of Rs. 15,000. You are required to suggest whether the foreign market should be explored or not. Give the supportive calculations by using following approaches.

(i) Incremental Approach
(ii) Total Profit Approach

SECTION - B — 02×03 = 06 Marks

Q2: A company is having sales of Rs. 12, 00,000 @ Rs. 80/- per unit. Total variable cost is Rs. 8, 25,000 and fixed cost Rs. 1, 75,000 and profit at present is Rs. 2, 00,000. Find out BEP (in rupees) and Margin of Safety.

Q3: “Management accounting is a mid-way between financial accounting and cost accounting.” Explain.

Q4: “Management accounting is the presentation of accounting information in such a way as to assist the management in the creation of policy and in the day-to-day operation of an undertaking.” Elucidate.

SECTION - C — 03×02 = 06 Marks

Q5. An organization is selling 22,000 units’ p.a. @ Rs. 37 per unit. Its variable cost per unit is Rs. 21 and fixed operating cost is Rs. 2, 84,000 p.a. Calculate P/V Ratio and profit at present.

Q6. Explain the terms ‘Margin of Safety’ and ‘Angle of incidence’ in the break even analysis. Illustrate your answer graphically.