

COSTING & CONTROL

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IMPORTANCE OF CONTROLLING



LIMITATIONS OF CONTROLLING

Difficulty in setting quantitative standards

Little control on external factors

Resistance from employees

Costly affair

CONTROLLING PROCESS

Setting performance standards



Measurement of actual performance



Comparison of actual performance with standards



Analyzing deviations



Taking corrective action

TECHNIQUES OF MANAGERIAL CONTROL

- Traditional Techniques: Traditional techniques are those which have been used by the companies for a long time now. These include:
 - a) Personal Observation
 - b) Breakeven Analysis
 - c) Budgetary control

TECHNIQUES OF MANAGERIAL CONTROL

- Modern Techniques: Provide a refreshingly new thinking on the ways in which various aspects of an organization can be controlled. These include:
 - a) Return on Investment
 - b) Ratio Analysis
 - c) Responsibility accounting
 - d) Management Audit

BREAKEVEN ANALYSIS

$$\text{Breakeven Point} = \frac{\text{Fixed Costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

RESPONSIBILITY ACCOUNTING



REFERENCES

- ⦿ Business Studies Text Book of Class XI & XII by NCERT, <http://ncert.nic.in/>

CHECK YOUR KNOWLEDGE

- An efficient control system helps to _____
- a) Accomplish organizational objectives
 - b) Boosts employee morale
 - c) Judges accuracy of standards
 - d) All of the above

- Controlling function of an organization is _____
- a) Forward Looking
 - b) Backward Looking
 - c) Forward as well as backward looking
 - d) None of the above

CHECK YOUR KNOWLEDGE

- Management audit is a technique to keep a check on the performance of _____
- a) Company
 - b) Management of the Company
 - c) Shareholders
 - d) Customers

- Budgetary control requires the preparation of _____
- a) Training Schedule
 - b) Budgets
 - c) Network Diagram
 - d) Responsibility Centers

Thank
you

