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**MASTER OF BUSINESS ADMINISTRATION
(MBACN)**

**Term-End Examination
December, 2012**

**MCN-007 : COST AND MANAGEMENT
ACCOUNTING**

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All question carry equal marks.

1. Explain the importance of a comprehensive costing system for a manufacturing firm. 20
2. What is ABC analysis ? How is it useful in material control ? 20
3. What are overheads ? What are the different methods of allocation of overheads ? 20
4. What are the essentials of an effective budgetary control system ? Explain. 20
5. What are the principles of responsibility accounting ? Distinguish between cost and profit centres. 20

6. Write notes on the following : 20
- (a) Inflation accounting
 - (b) Zero base budgeting.

7. Automobiles Ltd. has an installed capacity of 20
10,000 trucks per annum. They are presently
operating at about 15% of installed capacity. For
this year, they have budgeted as follows :

Production/Sales 8,000 units

Costs :

Direct materials Rs. (crores) 16.00

Direct labour 1.20

Factory expenses 1.60

Administrative expenses 0.40

Selling expenses 0.40

Profit 2.00

Factory expenses as well as selling expenses are
variable to the extent of 20%.

Calculate the BEP as a percentage of installed
capacity.

8. Distinguish between absorption and variable 20
costing giving examples.
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