

**MASTER OF BUSINESS ADMINISTRATION
(MANAGEMENT, ACCOUNTING AND FINANCE)
(MBAMAFCI)
Term-End Examination**

June, 2014

**MCN-084 : COST PLANING AND ANALYSIS FOR
COMPETITIVE ADVANTAGE**

Time : 3 hours

Maximum Marks : 100

Note : (1) Attempt any five questions.

(2) All question carry equal marks.

1. Aerozen Toy is sold for Rs. 299 and its variable production cost is Rs. 99. The research and development and fixed production over heads for the year are Rs. 1.2 million based on this you are required to: **20**
- (a) Calculate the break-even level of sales volume and revenue.
- (b) Calculate the break-even revenue using C/S ratio.

- (c) The budget revenue is Rs. 2.99 million calculate the margin of safety in units and as a percentage.
- (d) Produce a break-even chart and profit volume chart using the above information
- (e) How many Aerozen Toys must be sold to achieve Rs. 5,00,000 profit.

2. Describe the significance of sensitivity Analysis **20**
in a CVP based decision model. Also explain, in brief, any two of the following :

- (a) Partial sensitivity analysis
- (b) Best case and worst-case scenarios
- (c) Break even analysis
- (d) Monte carlo analysis

Also give a suitable example.

3. (a) Define the concept and use of the learning **15+5**
curve why learning curves are not
applicable where there is no opportunity for
increased efficiency?

- (b) An estimator believes that the first unit of a product will require 100 labour hours. If, say $b = -0.2$, How many hours will the 10th unit require?
4. “Kaizen costing creates a dialog and respect for those whose task is to cut costs, which can often be viewed as reactionary and not value adding”. Elucidate the statement and state the benefits of kaizen costing why is it considered for quality reporting? **20**
5. What is pareto Analysis? What are different phases of using up of Pareto Analysis as an analytical tool? Explain this with the help of some fictional data. **20**
6. What is the significance of target costing? **20**
Explain the following statements with suitable examples :
- (i) Target costing requires an efficient learning process
- (ii) Target costing integrate economic objectives and technological knowledge.

- (iii) Target costing influences individual and collective behaviours.
 - (iv) Target costing is about the whole value chain
7. Define life cycle costing. What are four principal lessons need to be learned from lifecycle costing? what are implications of lifecycle costing for marketing strategies? **20**
8. Write short notes on any four : **4x5=20**
- (a) Direct and activity based cost methods
 - (b) Supply chain management
 - (c) Cost of quality reporting
 - (d) Benefits of just-in-time production
 - (e) Theory of constraints
 - (f) Total Quality Management

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