

2071
Bachelor of Business Administration
Sixth Semester
BBA-327: Cost Analysis and Control

Time allowed: 3 Hours

Max. Marks: 80

NOTE: Attempt four short answer type questions from Section–A. Attempt two questions each from Section B and C respectively.

x-x-x

Section – A

I. Attempt any four of the following:-

- a) What are essentials of a good cost accounting system?
- b) What are various stock levels?
- c) What is the difference between cost and financial accounting?
- d) What is variance analysis?
- e) What is sales budget?
- f) What is the need to minimize overheads?

(4x5)

Section - B

- II. What is classification of costs? Explain how the cost is classified. (15)
- III. What is inventory control system? Explain the advantages of a good inventory control system. (15)
- IV. From the following data calculate total monthly remuneration of 3 workers X, Y, Z:
 - a) Standard production per month per worker is 1,000 units.
 - b) Actual production during a month :
X—800 units ; Y—700 units ; Z—900 units.
 - c) Piece-work rate per unit of actual production 15 paise.
 - d) D.A. Rs. 40 per month (fixed)
 - e) House rent allowance : Rs. 20 per-month (fixed)
 - f) Additional production bonus at the rate of Rs. 5 for each percentage of actual production exceeding 75% actual production over standard. (15)

P.T.O.

(2)

- V. The Annual Demand of an item of raw material is 6,000 units and the purchase price is expected to be Rs. 90 per unit. The cost of processing an order is Rs. 135 and the cost of storage is estimated to be Rs. 18 per unit per year.
- What is the optimal order quantity and total fire relevant cost for this order quantity?
 - Suppose that Rs.135, as estimated to be the cost of processing an order, is incorrect and it should have been Rs. 60. Assume that all other estimates are correct, what is the cost of this prediction error, assuming the solution to part (i) is implemented for one year?
- (15)

Section - C

- VI. What are the requisites of a good method of absorption of factory overheads? (15)
- VII. Define "Budget" and "Budgetary control". Give a description of two important budgets. (15)
- VIII. Following information is made available from the costing records of a factory:-
- The original cost of the machine Rs. 1,00,000 ; Estimated life 10 years, residual value Rs. 5,000; Factory operates for 48 hours per week — 52 weeks in a year; Allow 15% towards machine maintenance down-time; 5% may be allowed as setting up time.
 - Electricity used by the machine is 10 units per hour at a cost of 50 paise, per unit.
 - Repairs and maintenance cost is Rs. 500 per month.
 - Two operators attend the machine during operation alongwith two other machines. Their total wages, including fringe benefits, amount to Rs. 5,000 per month.
 - Other overheads attributable to the machine are Rs. 10,431 per year. Using the above data, calculate comprehensive machine hour rate.
- (15)

(3)

IX. The standard materials cost to produce a tonne of chemical X is:

300 kg. of material A @ Rs 10 per kg

400 kg of material B @ Rs 5 per kg

500 of material C @ Rs 6 per kg

During a period, 100 tonnes of mixture X was produced from the usage of:

35 tonnes of material A at a cost of Rs 9,000 per tonne

42 tonnes of material B at a cost of Rs 6,000 per tonne

53 tonnes of material C at a cost of Rs 7,000 per tonne

Calculate the price, usage and mix variances.

(15)

x-x-x