

(i) Printed Pages : 4

Roll No. ....

(ii) Questions : 14

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Exam. Code :

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**Bachelor of Business Administration (FYUP) 4<sup>th</sup> Semester**

**(2056)**

**COST ANALYSIS & DECISION MAKING**

**Paper–NBBA–401**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :—** Attempt any **four** short answer type questions from Section - A. Each question in this section carries **5** marks. Attempt any **two** essay type/numerical questions each from Section B and C respectively. Each question in these sections carries **15** marks.

**SECTION–A**

1. Explain elements of cost.
2. Write a note on Break Even Point and Margin of Safety.
3. Compute the EBQ for Sapan Ltd. using batch costing with the following information:

Annual production 24,000 units; Set-up cost per batch Rs. 120; Carrying cost per unit of production Rs. 0.36.

4. Prepare Reconciliation Statement from the following particulars to find out profit as per Financial Accounts:

Profit as per Cost Accounts Rs. 92,250, Sundry Income shown in Financial Accounts Rs. 1,270; Overvaluation of Closing Stock in Cost Accounts Rs. 12,310; Over-Recovery of Direct Wages in Cost Accounts Rs. 6,930; Under Absorption of Factory

Overheads in Cost A/cs Rs. 4,450; Over Absorption of Administration Expenses in Cost Accounts Rs. 2,200; Under Absorption of Selling Expenses in Cost A/cs Rs. 19,400.

5. Draw up a Material Requirement Budget from the following information:

Estimated sales of a product - 40,000 units. Each unit of the product requires 3 units of material A and 5 units of material B. Estimated opening balances at the commencement of the next year: Finished product - 5,000 units; Material A - 12,000 units; Material B - 20,000 units; Material on order - A - 7,000 units and B - 11,000 units. The desired closing balances at the end of next year: Finished product - 7,000 units; Material A - 15,000 units; Material B - 25,000 units; Material on order - A - 8,000 units and B - 10,000 units.

6. The sales and profits during two years were as follows:

Year	Sales (Rs.)	Profit (Rs.)
2024	1,00,000	10,000
2025	1,50,000	20,000

You are required to calculate: (a) P/V Ratio, and  
(b) Break-even Point.

### SECTION-B

7. Prepare the Cost Sheet from the following information for the month of July, 2025:

Stock of Raw Materials 1-7-2025	Rs. 3,000
Raw Materials purchased	Rs. 28,000
Stock of Raw Materials 31-7-2025	Rs. 4,500
Manufacturing Wages	Rs. 7,000
Depreciation on Plant	Rs. 1,500
Loss on sale of a part of plant	Rs. 300

Factory Rent & Rates	Rs. 3,000
Office Rent	Rs. 500
General Expenses	Rs. 400
Discount on sales	Rs. 300
Advertisement Expenses to be charged fully	Rs. 600
Income Tax paid	Rs. 2,000
Sales	Rs. 50,000

The number of units produced during July, 2025 was 3,000. The stock of finished goods was 200 and 400 units on 1-7-2025 and 31-7-2025 respectively. The total cost of the units on hand on 1-7-2025 was Rs. 2,800. All these had been sold during the month.

8. A company presently sells an equipment for Rs. 35,000. Increase in prices of labour and material cost are anticipated to the extent of 15% and 10% respectively in the coming year. Material cost represents 40% of cost of sales and labour cost 30% of cost of sales. The remaining relates to overheads. If the existing selling price is retained, despite the increase in labour and material prices, the company would face a 20% decrease in the existing amount of profit on the equipment. You are required to arrive at a selling price so as to give the same percentage of profit on increased cost of sales, as before. Prepare a statement of profit/loss per unit, showing the new selling price and cost per unit in support of your answer.
9. What do you mean by Cost Accounting? Explain the scope and significance of cost accounting.
10. Why are the Cost and Financial Accounts profits reconciled? Describe the possible sources of difference between them. How will you prepare Reconciliation Statement to reconcile the cost and financial accounts?

## SECTION-C

11. The Dhurandhar Company manufactures and sells direct to customers 10,000 jars of candies per month at Rs. 1.25 per jar. The company's normal production capacity is 20,000 jars of candies per month. An analysis of cost for 10,000 jars shows: Direct material Rs. 1,000; Direct labour Rs. 2,475; Power Rs. 140; Misc. supplies Rs. 430; Jars Rs. 600; Fixed expenses of manufacturing, selling and administration Rs. 7,955.

The company has received an offer for the export under a different brand name of 1,20,000 jars of candies at 10,000 jars per month at 75 paise a jar.

Write a short report on the advisability or otherwise of accepting the offer.

12. The standard cost of a chemical mixture is as under:

8 tons of material A @ Rs. 40 per ton

12 tons of material B @ Rs. 60 per ton

Standard yield is 90% of input

Actual cost for a period is as under:

10 tons of material A @ Rs. 30 per ton

20 tons of material B @ Rs. 68 per ton

Actual yield is 26.5 tons

Compute all material variances.

13. What do you mean by Budget and Budgetary Control? Explain various types of budgets and illustrate.
14. What is Cost-Volume-Profit Analysis? How does this technique help in various types of decisions to be taken in an organization?