

Dr. Babasaheb Ambedkar Open University
Term End Examination June – 2017

Course : DACA **Date : 28-Jun-17**
Subject Code : DACA-03 **Time : 3:00 TO 6:00**
Subject Name : Managerial Cost Accounting **Duration : 03 Hours**
Max. Marks : 70

1. What are the advantages and disadvantages of uniform costing? (14)

OR

Nilam Enterprises operates an integral system of accounting. You are required to pass the Journal Entries for the following transactions that took place for the year ended 30-06-2016:

(Narrations are not required)

Particular	Rs.
Raw materials purchased (50% on Credit)	6,00,000
Material issued to production	4,00,000
Wages paid (50% direct)	2,00,000
Wages charges to productions	1,00,000
Factory Overheads incurred	80,000
Factory Overheads charges to production	1,00,000
Selling and Distribution Overheads incurred	40,000
Finished Goods at cost	5,00,000
Sales (50% on credit)	7,50,000
Costing Stock	NIL
Receipts from Debtors	2,00,000
Payments of Creditors	2,00,000

2. Explain Algebraic Method of Break- even analysis. (14)

OR

From the following data calculate:

(i) P/V ratio (ii) Profit when sales are Rs. 20,000 (iii) New break-even point if selling price is reduced by 20%, Fix expenses Rs.4,000, Break-even point 10,000

3. With a view to increase the volume of sales, marketing has in mind a proposal to reduce sales price of its product by 20%. No change in total fixed cost or variable costs per unit estimated. (14)

The directors, however, desire the present level of profit to be maintained.

The following information has been provided:

(i) Sales 50,000 units - Rs.5,00,000 (ii) Variable costs – Rs.5 per unit (iii) Fixed Costs –Rs. 50,000

Advise management on the basis of the various calculations made from the data given.

OR

Explain make or buy decision in decision making?

4. What are the advantages and limitation of cost center of responsibility? (14)

OR

From the following information, prepare a monthly cash budget for Nilam Ltd. For 3 months ending 31 March:

- a) Revenue is expected to be Rs. 90,000, Rs. 92,000 and Rs. 90,000 in the three months
- b) Purchase for December, January, February, and March are likely to be Rs.80,000, Rs. 60,000 and Rs. 70,000 respectively, 40 Percent is paid in next month.
- c) Rent per month is Rs. 4,000 and Personal withdrawal Rs. 6,000.
- d) Rs. 35,000 is expected to be outflows purchase of a vehicle in the month of March.
- e) Cash expenses are Rs. 14,000 for each month,
- f) Present cash balance is Rs. 15,000.

5. Write a short notes (Any two) (14)

- 1. Operating budgets
 - 2. Graphic method of break even analysis
 - 3. Advantages inter firm comparison
 - 4. Investment as a Center of responsibility
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