

**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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