

Dr. Babasaheb Ambedkar Open University

Term End Examination January -2026

Course	: Diploma Course	Date	: 02/03/2026
Subject Code	: DACA-03	Time	: 11:30am to 01:45pm
Subject Name	: Managerial Cost Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1 Explain the Make or Buy Decision in Detail. **14**

OR

Manisha Ltd. decides to effect a 10% reduction in the price of its product because it is felt that such a step may lead to a greater volume of sales.

It is anticipated that there are no prospects of a change in total fixed costs and variable costs per unit. The directors wish to maintain net profits at the present level.

The following information has been obtained from its books:

Sales: 10,000 units @ Rs. 20 Rs.2,00,000

Variable costs: Rs.15 per unit

Fixed costs: Rs.40,000

How would management proceed to implement this decision?

Q-2 Discuss the Types of Responsibility Centres. **14**

OR

Yamini Ltd. keeps accounts under, Integrated Accounting System. The following are the balances on 31st March, 2022.

	Debit Rs.	Credit Rs.
Stores Control A/c	9,000	-
Finished Goods A/c	6,500	-
Work-in-Progress A/c	8,500	-
Creditors	-	4,000
Bank Balance	5,000	-
Debtors A/c	6,000	-
Fixed Assets A/c	27,500	-
Profit and Loss A/c	-	16,000
Depreciation Provision A/c	-	2,500
Share Capital A/c	-	40,000
	62,500	62,500

Transactions during the year ending 31st March, 2023, were as under

Rs.

Wages - Indirect	2,500
Wages-Direct	43,500
Materials Purchased – Credit	50,000
Materials issued to production	55,000
Materials issued for repairs	1,000
Goods finished during the year (cost)	1,07,500
Sales-Credit	1,50,000
Cost of Sales	1,10,000
Factory overheads absorbed	24,000
Factory overhead paid by cheque	20,000
Administration overheads paid by cheque	6,000
Selling-distribution overheads paid by cheque	7,000
Depreciation (Factory)	650
Payment to creditors	50,500
Received from debtors	1,45,000

Taxes prepaid (included in factory overheads incurred)	150
Purchase of fixed assets by cheque	1,000
Donations	500
Penalty paid	250
Income-tax	10,000
Interest on Bank Loan	50

Prepare necessary accounts in the Integrated Ledger and Prepare a Trial Balance.

Administration overheads are charged to Profit and Loss Account.

Q-3 Explain the main Objectives of Budgeting. **14**

OR

From the following data prepare Cash Budget for Minaxi ltd. from the period from 1st July to 31st December, 2022 when the opening cash balance is expected to be Rs.50,000:

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Factory Expenses Rs.	Adm. Expenses Rs.	Selling Expenses Rs.
May	2,00,000	90,000	18,000	12,000	7,000	8,000
June	1,80,000	95,000	20,000	14,000	8,000	9,000
July	2,10,000	94,000	19,000	10,000	7,000	8,000
Aug.	1,70,000	94,000	15,000	13,000	5,000	8,500
Sept.	1,75,000	85,000	22,000	14,500	6,500	8,600
Oct.	2,20,000	72,000	18,000	11,000	7,200	9,300
Nov.	2,12,000	75,000	21,000	9,500	7,500	7,800
Dec.	2,50,000	65,000	20,000	10,000	7,400	6,500

Additional Information:

1. Machinery to be purchased for Rs.60,000 in July will be payable on delivery.
2. Period of credit allowed by suppliers is 1 month and the same credit period is allowed to customers.
3. Wages are paid after one week, while factory administrative expenses and selling expenses are paid one month after the month in which they are incurred.
4. A sales commission of 2 1/2 % on sales is paid two months after sales.
5. Machinery to be purchased in August for Rs.1,80,000 is payable in equal installments in September and October.

Q-4 Discuss methods of determination of BEP. **14**

OR

A company budgets for a production of 1,50,000 units.- The variable cost per unit is Rs. 14 and fixed cost is Rs. 2 per unit. The company fixes its selling price to fetch a profit of 15% on cost.

- (a) What is the break-even point?
- (b) What is the profit-volume ratio?
- (c) If it reduces its selling price by 5%, how the revised selling price affect the break-even point and the profit-volume ratio?
- (d) If a profit increase of 10% is desired more than the budget, what should be the sales at the reduced prices?

Q-5 Write Short Notes (Any two) **14**

1. Advantages and Disadvantages of Uniform Costing
2. Objectives of responsibility centres
3. Cost behavior with change in Volume
4. Margin of Safety
5. Relevant Costs and Opportunity Costs
