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BCMCMC 261

**Credit Based IV Semester B.Com. Degree Examination,
April/May 2017
(Semester Scheme)
COMMERCE
Cost and Management Accounting – II
(2015 – 16 Batch Onwards)**

Time : 3 Hours

Max. Marks : 120

Instruction : Give working notes *wherever* necessary.

SECTION – A
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Answer **any four** of the following questions :

(4×6 = 24)

1. What are the classifications of overheads by elements ?
2. What is secondary distribution of overheads ? State the methods of Re-apportionment of service department costs to production departments.
3. State the advantages of integrated system of accounting.
4. Secondary distribution summary of Sharadhi Ltd. reveal the following :

Departments	Overheads (Rs.)	Labour (Hours)	Machine (Hours)
A	9,000	3,000	9,000
B	12,000	6,000	3,000
C	15,000	15,000	5,000

Calculate absorption overhead rate based on labour hours and machine hours.

P.T.O.



5. Pass the journal entries for the following transactions under Non-Integrated System.

	Rs.
Raw materials purchased (for special job)	5,000
Raw materials purchased	6,000
Direct materials issued to production	3,000
Direct wages paid	4,000
Factory expenses incurred	2,500
Factory overhead charged to production	2,800

6. Prepare Reconciliation Statement from the following information :

	Rs.
Net profit as per financial accounts	38,500
Net profit as per cost accounts	30,500
Interest on Investment	17,500
Works overheads under recovered in cost accounts	1,300
Income tax paid	9,000
Goodwill written off	800
Administrative overhead over absorbed in cost accounts	1,100
Commission earned	500

SECTION – B

Answer **any four** of the following questions :

(4×12 = 48)

7. In a factory there are 3 production departments A, B and C and 2 service departments D and E. From the following details, prepare primary distribution summary.

Indirect materials	Rs. 1,500
Indirect wages	Rs. 1,500
Depreciation on machinery	Rs. 2,400



Rent and Taxes	Rs. 1,000
Power	Rs. 1,000
Lighting	Rs. 3,500
Sundries	Rs. 1,500

Other details are as follows :

	A	B	C	D	E
Direct materials	20,000	10,000	20,000	5,000	5,000
Direct wages	10,000	10,000	4,000	2,000	4,000
Value of machinery	50,000	1,00,000	75,000	25,000	50,000
Floor area (Sq. Ft.)	1,000	1,500	1,500	500	500
H.P. of machines	8	7	15	5	5
Lighting points	6	8	12	4	5

8. Chinmay Ltd. has 3 production departments and 2 service departments. The primary distribution summary reveals following figures of overheads.

Production departments :

- M Rs. 6,00,000
- N Rs. 5,25,000
- R Rs. 3,75,000

Service departments :

- P Rs. 1,75,000
- Q Rs. 2,25,000

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The expenses of P and Q service departments are apportioned as under :

Depts.	M	N	R	P	Q
P	20%	40%	30%	—	10%
Q	40%	20%	20%	20%	—

Find out the production overheads under Simultaneous Equation Method.



9. The following information relates to the activities of the production departments of a factory for a certain period.

Budgeted figures	Rs.
Estimated factory overhead	1,16,000
Estimated direct labour hours	80,000
Estimated machine hours	1,01,000

The following information relates to Job No. 501.

- Materials used Rs. 4,000
- Direct wages Rs. 2,700
- Labour hours worked 1,500
- Machine hours worked 1,000

Calculate :

- a) Factory overhead rates under direct labour hour rate and machine hour rate method.
 - b) Overhead charged to job under each case.
 - c) Prepare statement of cost to find out factory cost of the Job No. 501 in each case.
10. From the following information you are required to pass necessary Journal entries under integrated system of accounts :

	Rs.
Materials purchased on credit	29,600
Wages paid	33,600
Wages charged to production (Direct wages)	29,600
Indirect wages (factory)	4,000
Materials issued to production	25,600
Factory expenses	13,000



Factory expenses allocated	17,200
Office expenses	8,800
Office expenses charged	8,700
Selling expenses	9,000
Sales (credit)	78,000
Cost of sales	60,000

- 11. What are cost control accounts ? Explain the various control accounts kept in the cost ledger.
- 12. Explain the reasons for disagreement between profit as per cost book and profit as per financial book.

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SECTION - C

Answer any two of the following:

(2x24 = 48)

- 13. Ritu Ltd., has three production departments and two service departments. The following information is available from the records of the factory.

	Rs.
Rent	25,000
Lighting	3,000
Indirect wages	7,500
Power	15,000
Depreciation on machine	50,000
Insurance on stock	15,000
Sundries	50,000



Additional information :

Particulars	Production depts.			Service depts.	
	A	B	C	X	Y
Direct Wages	15,000	10,000	15,000	7,500	2,500
HP of Machines	60	30	50	10	-
Cost of Machines	3,00,000	4,00,000	5,00,000	25,000	25,000
Value of Stock	5,000	4,000	3,000	-	3,000
Floor Area (Sq.ft.)	2,000	2,500	3,000	2,000	500
Light Points	10	15	20	10	5
Labour Hours	6,000	4,000	4,100	-	-

Allocation of service departments' expenses is as follows :

Service Depts.	A	B	C	X	Y
X	40%	30%	20%	-	10%
Y	40%	20%	30%	10%	-

Show primary distribution summary using suitable bases and re-distribute the service department's overheads to production departments using Repeated Distribution Method. Also calculate the overhead absorption rate per labour hour of production departments.

14. The following information pertains to the three machines used in the shop.

Element of cost	Machine I Rs.	Machine II Rs.	Machine III Rs.
Rent and taxes	75,000	59,000	1,20,000
Insurance	2,000	1,000	4,000
Power (@0.08 paise per unit)	1,28,000	1,46,000	2,70,000



Administrative overhead	50,000	37,000	76,000
Factory overhead	3,07,000	2,52,000	3,89,000
Repairs	30,000	63,000	15,000
Oil and Sundries	8,000	15,000	10,000
Depreciation	40,000	37,000	68,000

Each machine uses 5 units of power per hour.

Job No. 101 was completed with the help of these machines.

The cost of materials and labour were Rs. 5,000 and Rs. 3,000 respectively.

Machine I was used for 35 hours, Machine II was used for 40 hours and Machine III was used for 8 hours.

Calculate Machine Hour Rate and also Cost of Job No. 101.

15. The following figures are available from the financial accounts for the year ended 31st March 2017

	Rs.
Direct materials	2,50,000
Direct wages	1,00,000
Factory overheads	3,80,000
Administration overheads	2,50,000
Selling and distribution overheads	4,80,000
Bad debts	20,000
Legal charges	5,000
Preliminary expenses	10,000
Dividend received	50,000
Interest on deposit received	10,000
Sales (1,20,000 units)	13,20,000
Closing Stocks :	
Work in progress	80,000
Finished goods (40,000 units)	1,20,000

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The cost accounts revealed that the direct materials consumption was Rs. 2,80,000. Factory Overheads were recovered at 20% on prime cost. Administrative Overheads were recovered at Rs. 3 per unit of production. Selling and distribution overheads were Rs. 4 per unit sold.

You are required to ascertain profit as per cost accounts and profit as per financial account and show Reconciliation Statement.

16. The following balances are extracted from the books of Krithika Co. Ltd. as on 1st October, 2016.

	Dr. (₹)	Cr. (₹)
Stores Ledger Control A/c	14,000	-
WIP Ledger Control A/c	25,600	-
Finished goods Ledger Control A/c	4,000	-
General Ledger Adjustment A/c	-	43,600
	43,600	43,600

Transactions during October, 2016

	₹
Purchase of materials	80,000
Direct wages	1,20,000
Manufacturing expenses	69,200
Selling and Distribution expenses	10,800
Materials issued to production	74,400
Manufacturing expenses recovered	68,880
Selling and distribution expenses recovered	10,640
Sales	3,00,000
Stock of finished goods on Oct. 31	9,400
Stock of work-in-progress on Oct. 31	29,400

You are required to prepare the ledger accounts in cost books for October 2016. Under non-integrated system of accounting for costs. Also prepare costing Profit and Loss A/c