



Sl.No. : 12873

**Credit Based IV Semester B.Com. Degree Examination,
May 2018**

(2015 - 16 Batch Onwards)

COMMERCE

Cost and Management Accounting - II

Time : 3 Hours

Max. Marks : 120

Instructions : Provide working notes wherever necessary.

SECTION - A

Note : Answer any 4 of the following questions :

(4 × 6 = 24)

Q1) What do you mean by allocation of overheads and apportionment of overheads? Differentiate between them.

Q2) Write the suitable basis for the apportionment of the following overheads to different cost centres or departments:

- a) Lighting
- b) Power
- c) Depreciation on buildings
- d) Insurance on stock
- e) Labour welfare expenses
- f) Rent and rates.

Q3) What is meant by Absorption of overheads? Name the different methods of Absorption of overheads.

Q4) Prepare a memorandum Reconciliation account from the following information:

Profit as per cost accounts was Rs. 30,500

Profit as per financial accounts was Rs. 36,600

	Rs.
a) Office overheads over absorbed	1,100
b) Income tax paid	9,000
c) Interest on investment	17,500
d) Manufacturing overheads under absorbed	1,300
e) Transfer fees	800
f) Goodwill written off	3,000

Q5) What is meant by integrated accounts? State its advantages.

Q6) Journalise the following transactions assuming that concern maintains Non-integrated system of accounts:

	Rs.
Purchases	3,90,000
Stores issued	3,58,800
Productive wages	3,46,320
Unproductive wages	1,21,680
Works on cost	3,48,400
Cost of completed jobs	12,80,630

SECTION - B

Note : Answer any 4 of the following questions :

(4 × 12 = 48)

Q7) A factory has 3 production departments and 2 service departments. The primary overhead distribution summary shows the following:

	Production departments			Service departments	
	X	Y	Z	S	R
Overheads (Rs.)	80,000	62,000	59,200	34,000	42,000

Expenses of service departments are to be charged as follows:

Department		X	Y	Z	S	R
		S	40%	30%	20%	-
R	30%	40%	10%	20%	-	

Show how the expenses of the two service departments are to be charged to production departments under simultaneous equation method.

Q8) Journalise the following transactions assuming that cost and financial accounts are integrated.

	Rs.
Materials purchased	1,60,000
Direct material issued to production	1,20,000
Receipts from customers	68,000
Payment to creditors	47,000
Wages paid (40% indirect)	2,00,000
Manufacturing overheads paid	69,000
Manufacturing overheads absorbed	73,000
Selling and distribution overheads paid	40,000
Office and administration overheads paid	28,000
Finished goods at cost	60,000
Cash sales	78,000

Q9) Define overhead. Classify overheads on the basis of elements, functions and behaviour.

Q10) From the following figures prepare a reconciliation statement.

	Rs.
Net profit as per cost records	1,72,400
Works overhead under recovered in cost books	3,120
Administration overhead recovered in excess	1,700
Depreciation charged in financial books	11,200
Depreciation charged in cost books	12,500
Interest received but not shown in cost books	8,000
Obsolescence loss charged in financial books	5,700
Income tax provided in financial books	40,300
Bank interest credited in financial books	750
Depreciation of stock charged in financial books	6,750
Stores adjustment credited in financial books	475
Goodwill written off	5,000
Transfer to general reserve	23,755

Q11) The following expenses have been incurred in respect of a shop having four identical machines.

	Rs.
Rent and rates	12,000 p.a.
Power consumed by the shop at 10 paise per unit	9,600 p.a.
Repairs	10,000 p.a.
Lighting	8,000 p.a.
Shop supervisor's salary	6,000 p.m.
Lubricants etc.	1,000 p.m.
Depreciation per machine	6,000 p.a.

There are two attendants in the shop each getting Rs. 120 per month. Each machine consumes 10 units of power per hour. Calculate machine hour rate.

Q12) The following figures are related to a Chanakya Ltd.

	Rs.
Factory overheads	30,000
Direct labour hours	30,000 hours
Machine hours	24,000 hours

The following information relates to Job No.689.

Direct material cost	24,000
Direct Labour cost	13,000
Direct labour hours	5,300 hours
Machine hours	5,100 hours

- a) Calculate factory overhead rates under direct labour hours and machine hours.
- b) Find out the factory cost of the Job No. 689 in each case.

SECTION - C

Note : Answer any 2 of the following questions :

(2 × 24= 48)

Q13) Vibha limited has three production departments and two service departments. The details of which are as under:

	Production departments'			Service departments	
	M	N	O	A	B
Direct wages (Rs.)	6,000	4,000	6,000	3,000	1,000
Area occupied (Sq.ft.)	2,000	2,500	3,000	2,000	500
Light points	20	30	40	20	10
H. P. of machines	120	60	100	20	-
Cost of machines (Rs.)	24,000	32,000	40,000	2,000	2,000
Working hours	4,670	3,020	3,050	-	-

The expenses of service departments A and B are re-apportioned to other departments in the following percentages under repeated distribution method.

Departments	M	N	O	A	B
R	20%	30%	40%	-	10%
S	40%	20%	30%	10%	-

The expenses for the period are:

	Rs.
Rent and rates	20,000
Lighting charges	2,400
Indirect wages	6,000
Power	6,000
Depreciation on machinery	40,000
Sundry expenses	40,000

Calculate overhead absorption rate in respect of each production department.

What will be the total cost of an article with material cost Rs.8, 000 and direct wages of Rs.4, 000 which passes through M, N, and O departments for 20, 30 and 40 hours respectively?

Q14) The following balances are extracted from the books of Narendra co. Ltd. as on October 2015.

	Dr (Rs.)	Cr (Rs.)
Stores Ledger control a/c	7,000	-
WIP Ledger control a/c	12,800	-
Finished Goods Ledger control a/c	2,000	-
General Ledger Adjustment a/c	-	21,800
	<u>21,800</u>	<u>21,800</u>

Transactions during October 2015:

	Rs.
Purchase of material	40,000
Direct wages	60,000
Manufacturing Expenses	34,600
Selling and distribution expenses	5,400
Material issued to production	37,200
Manufacturing Expenses recovered	34,440
Selling and distribution expenses recovered	5,320
Sales	1, 50,000
Stock of finished goods on Oct.31	4,700
Stock of work in progress on Oct.31	14,700

You are required to prepare the ledger accounts in cost books for October 2015. Also prepare costing profit and loss account and extract a trial balance.

Q15) Ajantha Ltd. has furnished you the following information from the financial books For the year ended 30th June:

Trading Profit and Loss account

	Rs.		Rs.
To Opening stock (500 units at Rs. 35 each)	17,500	By Sales (10250 units)	7,17,500
To Material used	2,60,000	By Closing stock (250 units at Rs. 50 each)	12,500
To Direct wages	1,50,000		
To Gross profit	3,02,500		
	7,30,000		7,30,000
To Factory overheads	94,750	By Gross profit	3,02,500
To Administrative Overheads	1,06,000	By Interest	250
To Selling expenses	55,000	By Rent	10,000
To Bad debts	4,000		
To Preliminary expenses	5,000		
To Net profit	48,000		
	3,12,750		3,12,750

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The cost sheet shows that factory overheads are absorbed at 60% of labour cost and administrative overheads at 20% of factory cost. Selling expenses are charged at Rs. 6 per unit.

The opening stock of finished goods is valued at Rs. 45 per unit.

You are required to prepare:

- a) A cost sheet for the year ended 30th June
- b) Reconciliation statement.

Q16) What is Non - Integrated Accounting System? Explain its features, merits and demerits. How is it different from integrated system?

