



IV Semester B.Com. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(Common to All Batches)

Cost and Management Accounting - II

Time : 3 Hours]

[Max. Marks : 120

Instructions : Give working notes wherever necessary.

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SECTION - A

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

(4 × 6 = 24)

1. What are overheads? Explain the classification of overheads on the basis of functions.
2. State the advantages and disadvantages of machine hour rate method.
3. State the features of non-integrated accounting system.
4. Manav Manufacturing Ltd., has 3 production departments namely X, Y and Z and 4 service departments namely P, Q, R and S. Distribute service department expenses to production departments using step ladder method.

Particulars	X	Y	Z	P	Q	R	S
Factory Overheads (Rs.)	1,930	640	830	450	750	1,050	300
Direct labour hours	400	300	400	100	500	600	300
No. of employees	100	125	85	10	50	40	50
Area (in sq.mts.)	300	150	150	50	150	100	100

The overhead costs of 4 service departments are distributed in the order of P, Q, R, S on the following basis :

P - on the basis of no. of employees

Q - on the basis of direct labour hours

R - on the basis of area

S - on the basis of direct labour hours.



5. Prepare a reconciliation statement from the following information :

Particulars	Amount
	Rs.
Net profit as per cost books	61,000
Interest on investments	35,000
Works overheads under recovered in cost accounts	2,600
Income tax paid	18,000
Transfer fees	1,600
Administrative overheads over recovered in cost accounts	2,200
Goodwill written off	6,000

6. The following figures have been extracted from the books of Shithin Manufacturing Co :

Factory overheads	Rs. 6,000
Direct labour hours	1,800 hrs
Machine hours	12,000 hrs

The following information relates to Job No. 888 :

Materials	Rs. 1,200
Direct labour cost	Rs. 650
Direct labour hours	265 hrs.
Machine hours	255 hrs.

You are required to calculate :

- Factory overhead rates under 2 methods. (Labour Hour Rate and Machine Hour Rate)
- Find out factory cost of Job No. 888 in each case.



SECTION - B

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

(4 × 12 = 48)

7. What are cost control accounts? Explain the various control accounts kept in cost ledger.
8. Enumerate the causes for difference in profits shown by cost accounts and financial accounts.
9. In a factory there are 3 production departments (A, B and C) and 2 service department (D and E). The following figures are extracted from the books of the factory for the month of January 2018 :

Particulars	Amount (Rs.)
Rent of the building	10,000
Lighting	6,000
Indirect wages	1,500
Supervision charges	6,000
Power	15,000
Depreciation on machinery	8,000
Sundries	10,000
Amenities to staff	8,000

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Other details :

	A	B	C	D	E
Floor area (sq. feet)	2,000	1,000	3,000	2,000	2,000
Light points	20	30	10	30	30
Direct wages (Rs.)	30,000	40,000	10,000	25,000	25,000
H.P. of machines	3	3	4	3	2
Value of machinery (Rs.)	20,000	30,000	10,000	10,000	-
No. of workers	20	30	25	25	20

Prepare Primary distribution summary.



10. Mranalini company has 3 production departments and 2 service departments and for a period, the departmental distribution summary has the following totals :

Production Department (in Rs.)			Service Departments (in Rs.)	
A	B	C	S1	S2
8,000	6,500	7,000	2,340	3,000

The expenses of service departments are charged out on the percentage basis as follows :

Particulars	A	B	C	S1	S2
Service department 1	20%	30%	30%	-	20%
Service department 2	25%	25%	40%	10%	-

Prepare a statement showing the apportionment of service department expenses to production departments under simultaneous equations method.

11. The following transactions are extracted from the books of Mohitha Company :

Particulars	Amount (Rs.)
Factory overheads	11,000
Office overheads	10,000
Selling overheads	8,000
Overheads absorbed :	
Factory overheads	13,000
Office overheads	11,000
Selling overheads	7,500

Journalize these transactions under non-integrated system and also calculate profit or loss.



12. Calculate the machine hour rate from the following information :

Particulars	Amount (Rs.)
Cost of the machine	2,00,000
Cost of installation of machine	60,000
Scrap value after 10 years	20,000
Rent and rates per month	2,000
Supervisor's salary per month	9,000
Insurance premium for the machine (per annum)	4,800
Repairs and Maintenance (per annum)	3,000
Factory lighting per month	2,000
Power bill for the month (10 units per hour at the rate of Rs.6 per unit)	12,000
Wages of operator per month (for the machine)	4,000
Cotton waste, oil etc. per month (for the machine)	400
Hire purchase installment for the machine	1,000

The machine occupies $\frac{1}{4}$ th of the total area of the factory. The supervisor spends $\frac{1}{4}$ th of his time on this machine. Take base period as one month.

SECTION - C

Shri. Ramesh Chandra Murthy
College of Business Management
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(2 x 24 = 48)

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

13. Mamatha Ltd., has 3 production departments A, B and C and 2 services departments D and E. The following details are available from the records :

Particulars	Amount (Rs.)
Indirect materials	30,000
Indirect wages	20,000
Depreciation on machinery	50,000
Depreciation on buildings	10,000
Rent and taxes	20,000
Power	30,000
Lighting	1,000
General expenses	30,000



Other details :

Particulars	A	B	C	D	E
Direct materials (Rs.)	40,000	20,000	40,000	20,000	20,000
Direct wages (Rs.)	30,000	30,000	8,000	4,000	8,000
Value of machinery (Rs.)	50,000	1,00,000	75,000	25,000	50,000
Floor area (Sq.feet)	1,000	1,500	1,500	500	500
H.P. of machines	8	7	15	5	5
Light points	6	8	12	4	5
Labour hours	4,500	4,000	3,500	-	-

Department D and E render the services as follows :

Departments	A	B	C	D	E
D	40%	20%	30%	-	10%
E	30%	30%	30%	10%	-

- (a) Prepare primary distribution summary and secondary distribution summary under repeated distribution method.
- (b) Calculate the overhead absorption rate per hour of production departments.

14. The following information pertains to 3 machines used in a shop for a period of one month :

	Machine A	Machine B	Machine C
	Rs.	Rs.	Rs.
Rent and taxes	75	59	120
Insurance	20	10	40
Power (8 paisa/unit)	128	146	270
Factory overheads	307	252	389
Repairs and Maintenance	30	63	15
Oil and Sundries	8	15	10
Depreciation	40	37	68
Other overheads	50	37	76

Each machine uses 5 units of power per hour.



Job No. 777 was completed with the help of these machines. Cost of material and labour for Job No. 777 were Rs. 8,000 and Rs. 6,000 respectively. Machine A was used for 42 hrs., B for 40 hrs. and C for 8 hrs. Calculate machine hour rate and cost of Job No. 777.

15. From the following particulars prepare :

- (a) Profit and Loss Account
- (b) Cost sheet taking
 - (i) Factory overheads at 25 percent on prime cost
 - (ii) Office overheads at 50 percent on factory cost
 - (iii) Selling overheads on 8 percent on sales.
- (c) A reconciliation statement as on December 31, 2018.

Particulars	Amount (Rs.)
Stock on January 01, 2018 :	
Raw materials	20,000
Finished goods	40,000
Stock on December 31, 2018 :	
Raw materials	30,000
Finished goods	10,000
Wages	50,000
Raw materials purchased	1,20,000
Sales	3,25,000
Works expenses	35,000
Office expenses	25,000
Selling expenses	25,000
Interest on investments	4,000
Goodwill written off	8,000
Preliminary expenses written off	12,000
Commission received	16,000
Interest on debentures	8,000

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16. Mayuri Ltd., maintains integrated accounts. From the following opening balances prepare necessary Control accounts, Bank account and Profit and Loss account :

Particulars	Amount (Rs.)
Share Capital	3,00,000
Reserve	2,00,000
Sundry creditors	5,00,000
Plant and Machinery	5,75,000
Sundry debtors	2,00,000
Opening stock of materials	1,50,000
Cash and bank balance	75,000
Transactions during the year were :	
Stores purchased on credit	10,00,000
Stores issued to production	10,50,000
Stores in hand	95,000
Direct wages incurred	6,50,000
Direct wages charged to production	6,00,000
Manufacturing expenses incurred	3,00,000
Manufacturing expenses absorbed	2,75,000
Selling and distribution expenses	1,00,000
Finished production at cost	18,00,000
Sales at selling price	22,00,000
Closing stock (finished goods)	95,000
Payment to creditors	11,00,000
Receipt from debtors	21,00,000