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**BCMCMC 284**

**Choice Based Credit System IV Semester B.Com. Degree
Examination, September 2022
(2020-21 Batch Onwards)
COMMERCE
Cost and Management Accounting – II**

Time : 3 Hours

Max. Marks : 120

Instruction : Give working notes *wherever* necessary.

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. What is non-integrated accounting system ? What are its features ?
3. Explain the difference between overhead allocation and apportionment of overheads .
4. Secondary distribution summary of Amogha Ltd., reveal the following :

Departments	Overheads (Rs.)	Labour (Hours)	Machine (Hours)
X	18,000	6,000	18,000
Y	24,000	12,000	6,000
Z	30,000	30,000	10,000

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

5. Pass the Journal Entries for the following transactions under Integrated Accounting System :

	Rs.
Raw materials purchased	1,60,000
Direct material issued to production	1,20,000

P.T.O.



Payment to creditors	47,000
Wages paid (40% indirect)	1,00,000
Material returned to stores	20,000
Manufacturing expenses incurred	69,000

6. From the following figures prepare a reconciliation statement.

	Rs.
Net profit as per cost records	3,44,800
Works overhead under recovered in cost books	6,240
Selling overhead recovered in excess	3,400
Depreciation charged in financial books	22,400
Depreciation charged in cost books	25,000
Goodwill written off	11,400
Stores adjustment credited in financial books	950

SECTION – B

(4x12=48)

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

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

	Rs.
Indirect materials	1,500
Indirect wages	1,500
Depreciation on Machinery	2,400
Rent and Taxes	1,000
Labour welfare	5,000
Power	1,000
Lighting	3,500
Sundries	1,500
Insurance	5,000



Other details are as follows :

Particulars	A	B	C	D	E
Direct material (Rs.)	20,000	10,000	20,000	5,000	5,000
Direct wages (Rs.)	10,000	10,000	4,000	2,000	4,000
Value of machinery (Rs.)	50,000	1,00,000	75,000	25,000	50,000
Floor area (sq. ft.)	1,000	1,500	500	500	500
H.P. of machine	8	7	15	5	5
Lighting points	6	8	12	4	5

8. In Shri Engineering Company there are three production departments A, B and C and two service departments X and Y. As per primary distribution summary the overheads of these departments are A – Rs. 6,00,000, B – Rs. 5,25,000, C – Rs. 3,75,000, X – Rs. 1,75,500 and Y – Rs. 2,25,000.

The expenses of the service departments are to be apportioned on percentage basis as follows :

	A	B	C	X	Y
X	20	40	30	–	10
Y	40	20	20	20	–

Prepare statement showing the distribution of service department's expenses to production departments under simultaneous equation method.

9. Pass the necessary journal entries for the following under Non-Integrated Accounting System of accounting for costs.

	Rs.
Materials purchased on credit	35,000
Direct wages	69,000
Direct wages allotted to production	62,000
Indirect wages of the factory	7,000
Materials issued to production	30,000



Materials issued for repairs in factory	5,000
Other factory overheads	62,000
Factory overheads absorbed	70,000
Selling and distribution overheads paid	26,000
Selling and distribution overheads allotted	24,000
Cost of completed work	1,00,000
Finished goods sold	1,50,000

10. Precision India has in a production department a mobile overhead

crane No. 0808. Cost of the crane Rs. 60,000. Scarp value after 10 years Rs. 3,750. Cost of repair of the crane per month Rs. 531.25, power consumption per hour 20 units at Rs. 1.10 per unit.

The details in respect of the production department are :

- Wages of each of two operators Rs.30,000 p.a. (Each operator is in charge of 2 cranes)
- Rent and rates Rs.18,000 p.a.
- Lighting Rs.750 p.m.
- General insurance premium Rs.1,350 per quarter.
- Supervisor's salary Rs. 1,000 p.m. The supervisor devotes 20% of his time for this crane. There are three other identical overhead cranes in the department.

Compute a comprehensive machine hour rate from the above details for crane No. 0808 assuming that it is expected to operate for 2,400 hours p.a. but 150 hours are lost for normal repairs and 750 hours lost due to maintenance.

11. Explain the reasons which result in the difference of profit as shown between cost and financial books.
12. Explain material cost and labour cost methods of absorbing overheads with their advantages.



SECTION - C

Answer any two of the following questions :

(2x24=48)

13. Roy Reyon has three production departments A, B and C and two service departments D and E. From the following figures extracted from the records of the company calculate the overhead rate per labour hour.

Indirect materials	Rs. 15,000	Rent, Rates, Taxes	Rs. 10,000
Electric power for machinery	Rs. 15,000	Indirect wages	Rs. 10,000
Depreciation on machinery	Rs. 25,000	Electric power for lighting	Rs. 500
Depreciation on building	Rs. 5,000	General expenses	Rs. 15,000

Other details :

Items	A	B	C	D	E
Direct materials (Rs.)	20,000	10,000	19,000	6,000	5,000
Direct wages (Rs.)	15,000	15,000	4,000	2,000	4,000
Value of machinery (Rs.)	60,000	1,00,000	40,000	25,000	25,000
Floor area (sq.ft.)	15,000	10,000	10,000	5,000	10,000
H.P. of Machinery	50	60	30	5	5
No. of light points	15	10	10	5	10
Labour hours	5,000	5,000	2,000		

The expenses of service departments D and E are to be apportioned as follows by repeated distribution method :

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

What will be the total cost of an article with material cost of Rs. 1,600, labour cost Rs. 800 which passes through departments A, B and C for 2, 3 and 4 hours respectively ?



14. From the following particulars you are required to prepare various ledger accounts for the year 2020 under Integrated Accounting System.

	Rs.
Opening Sundry Creditors	4,00,000
Opening Sundry Debtors	1,00,000
Opening Stores	1,50,000
Transactions during the year 2020 :	
Stores purchased	10,00,000
Stores issued to production	10,50,000
Wages incurred	6,00,000
Direct wages charged to production	5,50,000
Manufacturing expenses incurred	2,75,000
Manufacturing expenses charged to production	2,50,000
Selling expenses	90,000
Finished production at cost	17,00,000
Sales	22,00,000
Closing stock of finished goods	50,000
Payment to creditors	10,00,000
Receipts from debtors	20,00,000

15. The following figures have been extracted from the financial accounts of Moontech Ltd., for the year 2020.

	Rs.
Direct material	25,00,000
Direct wages	15,00,000
Factory overhead	8,00,000
Administration overheads	3,50,000
Selling and distribution overheads	4,80,000
Bad debts written off	40,000
Preliminary expenses written off	20,000
Legal charges	5,000



Dividend received	50,000
Interest received	10,000
Sales (60,000 units)	60,00,000
Closing stock: Finished goods (2,000 units)	1,60,000

Cost accounts for the year show that the direct material consumption was Rs. 28,00,000. Factory overhead is recovered at 20% on prime cost. Administration overhead is recovered at Rs.6 per unit and selling and distribution overhead is recovered at Rs.8 per unit.

Prepare :

- i) Profit and Loss Account
 - ii) Cost sheet
 - iii) Reconciliation statement.
16. What do you mean by Control Account ? What are its advantages ? Explain various Control Accounts maintained under Non-Integrated Accounting System.
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