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BCMCMC 261

**Credit Based IV Semester B.Com. Degree Examination, September 2022
(2019-20 and Earlier Batches)**

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. Write the suitable bases for the apportionment of the following overheads to different cost centres or departments.
 - a) Depreciation on building.
 - b) Insurance on stock.
 - c) Electric power.
 - d) Lighting.
 - e) Canteen expenses.
 - f) Plant repair.

3. The following is the budget of Manasa Engineering Works for the year 2021 :

Factory overheads	Rs. 62,000
Direct labour cost	Rs. 98,000
Direct labour hours	31000 hrs.
Machine hours	15500 hours

Prepare the overhead absorption rate using :

- 1) Direct labour hour method.
- 2) Direct labour cost
- 3) Machine hour.

P.T.O.



4. State the advantages of integrated system of accounting.

5. 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

6. Journalise the following transactions assuming that concern maintains non-integrated system of accounts :

	Rs.
Purchases	3,900
Stores issued	3,500
Productive wages	2,500
Unproductive wages	5,000
Works on cost	7,000
Cost of completed jobs	15,000



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 :

	Rs.
Indirect materials	1,500
Indirect wages	1,500
Depreciation on machinery	2,400
Rent and Taxes	1,000
Power	1,000
Lighting	3,500
Sundries	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. The following expenses have been incurred in respect of a shop having four identical drilling machines.

	Rs.
Rent and Rates	12,000 p.a.
Power consumed (at Rs.1.10 per unit)	52,800 p.a.
Repairs	2,400 p.a.
Lighting	4,800 p.a.



Shop supervisor's salary	1,200 p.m.
Lubricants etc.	200 p.m.
Depreciation per machine	1,200 p.a.
Hire-purchase instalment	1,800 p.a.

There are two machine attendants in the shop each getting Rs. 600 per month. Each machine consumes 10 units per hour. Calculate the machine hour rate.

- Classify the overheads on the basis elements and behaviour.
- From the following information you are required to pass necessary journal entries under integrated system of accounts :

	Rs.
Material purchased for cash	2,96,000
Wages paid	3,36,000
Wages charges to production (direct wages)	2,96,000
Indirect wages (factory)	40,000
Materials issued to production	2,56,000
Factory expenses	1,30,000
Factory expenses allocated	1,72,000
Administrative expenses incurred	88,000
Administrative expenses charged	87,000
Selling expenses	90,000
Sales on credit	7,80,000
Cost of sales	6,00,000

- What is non-integrated accounting system ? What are its features ?
- Explain the reasons for disagreement between profit as per cost book and profit as per financial book.



SECTION – C

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

(2×24=48)

13. The Indian Co. Ltd. has three production departments and two service departments. The following information is available regarding various expenses.

	Rs.
Power	2,400
Rent	4,200
Canteen	3,000
Personnel department	3,000
Time office	1,000
Maintenance of buildings	2,400
Fire prevention service	1,200
Insurance on assets	1,000
Depreciation – 10% of capital value	

You also have the following data :

	Production Depts.			Services Depts.	
	P₁	P₂	P₃	S₁	S₂
Area (sp. metres)	400	400	300	200	100
K.w. hours	200	220	80	75	25
No. of workers	90	120	30	40	20
Capital value of assets	50,000	60,000	40,000	30,000	20,000

The services of S₁ and S₂ departments are used by other departments in the following proportion :

	P₁	P₂	P₃	S₁	S₂
S₁	25%	30%	25%	–	20%
S₂	40%	20%	30%	10%	–

Calculate the total overheads of production departments after re-apportioning service department overhead under the repeated distribution method.



14. The following balance are extracted from the books of Anand Co. Ltd. as on 1st Oct. 2021.

	Dr.	Cr.
	Rs.	Rs.
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 Oct. 2021 :

	Rs.
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 Oct. 2021.

Under non-integrated system of accounting for costs. Also prepare costing Profit and Loss A/c.

15. From the following particulars prepare :

- i) Profit and Loss Account.
- ii) Cost Sheet taking factory overhead at 25 percent on prime cost; office overhead at 50 percent of factory cost and selling overhead at 8 percent on sales.
- iii) A Reconciliation Statement as on 31st Dec. 2021.



	Rs.
Stock on 31 st Dec. 2020 :	
Raw material	20,000
Finished goods	40,000
Stock on 31 st Dec. 2021 :	
Raw material	30,000
Finished goods	10,000
Manufacturing 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

16. What do you mean by Control Account ? What are its advantages ? Explain various Control Accounts maintained under non-integrated system.
