

Credit Based IV Semester B.Com. Degree Examination, May/June 2016
(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

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

(4×6=24)

1. Define and distinguish allocation and apportionment.
2. What are the criteria for apportionment of factory overheads to cost centres ?
3. State the advantages of integrated system of accounting.
4. Profit as per cost accounts was ₹ 30,500. Reconcile the following items and find out profit as per financial books.

	₹
a) Office overheads overabsorbed	1,100
b) Income tax paid	9,000
c) Interest on investment	17,500
d) Manufacturing overheads underabsorbed	1,300
e) Transfer fees	800
f) Goodwill written off	3,000

5. The following figures have been extracted from the books of a company.

Factory overheads	₹ 6,000
Direct labour hours	1,500
Machine hours	12,000

The following information relates to Job No. 101.

Materials	₹ 1,200
Direct labour cost	₹ 650
Direct labour hours	265
Machine hours	250



You are required to :

- a) Calculate factory overhead rates under two methods.
 - b) Find out the factory cost of Job No. 101 in each case.
6. From the following data compute machine hours for a year.
 Normal working days in a year 365. There are 3 days holiday at Deepavali, 2 days at Holi and 2 days at Christmas, exclusive of Sundays. The machine works 8 hours a day and 4 hours on Saturdays. Machine works at 90% of the capacity throughout the year.

SECTION – B

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

(4×12=48)

7. Classify the overheads on the basis of functions and behaviour.
8. Explain material cost and labour cost methods of absorbing overheads with their advantages.
9. The following expenses have been incurred in respect of a shop having four identical machines.

	₹
Rent and rates	6,000 p.a.
Power consumed by the shop at 10 paise per unit	4,800 p.a.
Repairs	1,000 p.a.
Lighting	800 p.a.
Shop Supervisor's salary	600 p.m.
Lubricants etc.	100 p.m.
Depreciation per machine	600 p.a.

There are two attendants in the shop each getting ₹ 60 per month. Each machine consumes 10 units of power per hour. Calculate the machine hour rate.



10. Bharath Manufacturing Co. Ltd. has four production departments I, II, III and IV and two service departments, viz : transport and power supply. The particulars of expenses of the respective departments are as follows :

Production Departments :	₹
I	1,000
II	900
III	800
IV	700

Service Departments :	₹
Transport	550
Power supply	380

The service department expenses are charged out on a percentage basis as given below :

	Production Depts.				Transport	Power supply
	I	II	III	IV		
Transport	10%	30%	20%	20%	-	20%
Power Supply	30%	20%	30%	10%	10%	-

Using the above particulars, apportion the service department expenses to various departments on simultaneous equations method.

11. Pass the necessary Journal entries for the following transactions under non-integrated system of accounting.

	₹
Materials bought on credit	35,000
Wages paid	69,000
Materials issued to production	30,000
Materials issued for repairs in factory	5,000
Direct wages allocated to production	62,000



Unproductive wages of the factory	7,000
Factory overheads incurred	74,000
Factory overheads absorbed	70,000
Office and administration overhead incurred	35,800
Office and administration overhead absorbed	40,000
Selling and distribution overheads paid	26,000
Selling and distribution overheads absorbed	24,000

12. From the following figures, prepare a Reconciliation Statement.

	₹
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 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



SECTION – C

Answer any two questions.

(2×24=48)

13. From the following information write up necessary accounts in General Ledger of a factory when Cost and Financial Accounts are integrated. Also find out profit.

Ledger balances as on 1-4-2015 :

	₹
Sundry Debtors	20,000
Sundry Creditors	30,000
Bank O/D	40,000
Stock of Raw Materials	50,000

Transactions during the year :

	₹
Materials purchased	80,000
Materials issued to production	1,00,000
Indirect materials issued	4,000
Direct wages incurred	95,000
Direct wages charged to production	93,000
Manufacturing expenses incurred	87,500
Manufacturing expenses charged to production	93,000
Selling expenses	10,000
Finished production at cost	1,91,000
Sales	2,86,000
Closing stock of finished goods	20,000
Payments to Creditors	85,000
Receipts from Debtors	3,00,000



14. The following data were obtained from the books of Light Engineering Company for the half year ended 30th September. Calculate the departmental overhead rates for each of the production departments, assuming that the overheads are recovered as a percentage of direct wages :

		Production Departments			Service Departments	
		A	B	C	X	Y
		Direct wages	₹	7,000	6,000	5,000
Direct Materials	₹	3,000	2,500	2,500	1,500	1,000
Employees	Numbers	200	150	150	50	50
Electricity	KWh	8,000	6,000	6,000	3,000	3,000
Light points	Numbers	10	15	15	5	5
Asset value	₹	50	30	20	10	10
	(000)					
Area occupied	(Sq. yard)	800	600	600	200	100

The expenses for 6 months were :

	₹
Stores overhead	400
Motive power	1,500
Electric lighting	200
Labour welfare	3,000
Depreciation	6,000
Repairs and maintenance	1,200
General overheads	10,000
Rent and taxes	600

Apportion the expenses of department X in the ratio of 4 : 4 : 3 and that of department Y in proportion to direct wages, to department A, B and C respectively.



15. SV Ltd. has furnished you the following information from the financial books for the year ended 30th June :

Profit and Loss Account

₹		₹	
To Opening Stock :			
(500 units at ₹ 35 each)	17,500	By Sales	7,17,500
To Materials used	2,60,000	(10250 units)	
To Direct Wages	1,50,000	By Closing Stock :	12,500
To Gross Profit	3,02,500	(250 units at ₹ 50 each)	
	7,30,000		7,30,000
To Factory overheads	94,750	By Gross Profit	3,02,500
To Administration 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

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

The opening stock of finished goods are valued at ₹ 45 per unit.

You are required to prepare :

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

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