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COST AND WORKS ACCOUNTING
(Overheads and Methods of Costing-II)
T.Y.B.COM

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- Difference between Controllable Overheads and Uncontrollable Overheads
Controllable Overheads:

Controllable overheads means indirect costs may be directly controlled by the management. Variable overheads are generally controllable by the departmental heads. Controllable overheads are influenced by managerial action and are within their control.

For Example: Indirect material cost may be controlled by authority by purchasing material in large quantity, idle time wages, wastage, handling and transportation of materials, power consumption, consumable stores, advertisements, packaging, show room expenses, selling expenses etc.
Un-controllable Overheads:

Uncontrollable overheads means indirect costs cannot be controlled by the management. In other words, which overheads cannot be influenced by the managerial action.

For Example:
Rent and rates, office salaries, insurance premium, Govt. taxes, rent agreed for long term, fixed expenses etc.
DIFFERENCE BETWEEN CONTROLLABLE OVERHEADS AND UNCONTROLLABLE OVERHEADS:

Controllable Overheads

1. Controllable overheads are the costs which can be verify or regulate by conducting a parallel experiment or by comparing with another standard.

Uncontrollable Overheads

1. Uncontrollable overheads are the costs which are not able to be controlled or governed.
Controllable Overheads

2. Controllable overheads are those which can be controlled by management with proper care and efficient planning. E.g. costs incurred due to strikes can be avoided by giving proper working facilities, due share of bonus to the workers and negotiation with the union.

Uncontrollable Overheads

2. Uncontrollable overheads are those which cannot be controlled by the management and are not predictable in nature. E.g. loss of production due to earthquakes, floods, heavy rain etc.
Controllable Overheads

3. Controllable overheads are influenced by managerial action and are within their control.

Uncontrollable Overheads

3. Uncontrollable overheads are not influenced by managerial action and are not within their control.
Controllable Overheads

4. Controllability of overheads depends upon the level of management, the time period (short-term or long-term), location of the units etc.

Uncontrollable Overheads

4. In case of uncontrollable overheads, controllability can not be predicted.
Controllable Overheads

5. Controllable overheads incurred in a particular responsibility centre can be influenced by the action of the executive heading that responsibility centre.

Uncontrollable Overheads

5. Uncontrollable overheads not incurred in a particular responsibility centre.
Thank You