

**14. COST ACCOUNTING SYSTEMS****ASSIGNMENT SOLUTIONS****PROBLEM NO:1**a) Dr. **Raw Material Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	2,82,450	By General Ledger Adj. A/c	27,200
To General Ledger Adj. A/c	12,43,810	By WIP Control A/c	13,60,430
		By Costing P&L A/c (Loss) (or) (GLA)	6,000
		By Balance c/d	1,32,630
	15,26,260		15,26,260

b) Dr. **WIP Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	2,38,300	By Finished Goods Control A/c	13,76,200
To Raw Material Control A/c	13,60,430	By Costing P&L A/c (Loss) (or) (GLA)	12,300
To Wages Control A/c	2,56,800	By Balance c/d	6,03,380
To Factory OH Control A/c	1,36,350		
	19,91,880		19,91,880

c) Dr. **Finished Goods Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	3,92,500	By Cost of Goods sold A/c (or) (GLA)	14,56,500
To General Ledger Adj. A/c	45,900	By Balance c/d	3,58,100
To WIP Control A/c	12,200		
	18,14,600		18,14,600

d) Dr. **General Ledger Adjustment A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Costing P&L A/c (Sales) (B/f)	25,68,910	By Balance b/d	9,13,250
To Raw Material Control A/c	27,200	By Raw Material Control A/c	12,43,810
		By Wages Control A/c	2,56,800
		By Factory OH Control A/c	1,36,350
		By Finished Goods Control A/c	45,900
	25,96,110		25,96,110

**PROBLEM NO:2**Dr. **Cost Ledger Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Store Ledger Control A/c	11,000	By Balance b/d	7,00,000
		By Stores Ledger Control A/c	1,36,000
		By Manufacturing Overhead Control A/c	91,000
To Balance c/d	9,84,600	By wages Control A/c	68,600
<b>Total</b>	<b>9,95,600</b>	<b>Total</b>	<b>9,95,600</b>

Dr. **Stores Ledger Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	3,20,000	By Work-in-Progress Control A/c	1,26,000
To Cost Ledger Control A/c	1,36,000	By Cost Ledger Control A/c	11,000
		By Balance c/d	3,19000
<b>Total</b>	<b>4,56,000</b>	<b>Total</b>	<b>4,56,000</b>

Dr. **Work-in-Progress Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	1,52,000	By Finished Goods Ledger Control A/c	2,35,500
To Wages Control A/c	48,000		
To Store Ledger Control A/c	1,26,000		
To Manufacturing OH Control A/c	86,000	By Balance c/d	1,76,500
<b>Total</b>	<b>4,12,000</b>	<b>Total</b>	<b>4,12,000</b>

Dr. **Finished Goods Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	2,56,000	By Cost of Sales A/c	1,68,000
To Work-in-Progress Control A/c	2,35,500		
To Cost of Sales A/c (sales returns)	8,000	By Balance c/d	3,31,500
<b>Total</b>	<b>4,99,500</b>	<b>Total</b>	<b>4,99,500</b>

Dr. **Manufacturing Overhead Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost Ledger Control A/c	91,000	By Balance b/d	28,000
To Wages Control A/c	20,600	By Work-in-Progress Control A/c	86,000
To Balance C/d	2,400		
<b>Total</b>	<b>114,00</b>	<b>Total</b>	<b>114,00</b>

Dr. **Wages Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost Ledger Control A/c	68,600	By Work-in-Progress Control A/c	48,000
		By Manufacturing Overhead Control A/c	20,600
<b>Total</b>	<b>68,600</b>	<b>Total</b>	<b>68,600</b>

Dr. **Cost of Sales A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Finished Goods Ledger Control A/c	1,68,000	By Finished Goods Control A/c (return)	8,000
		By Balance c/d	1,60,000
<b>Total</b>	<b>1,68,000</b>	<b>Total</b>	<b>1,68,000</b>

### Trial Balance

Particulars	Debit. (Rs.)	Credit. (Rs.)
Stores Ledger Control A/c	3,19,000	
Work-in-Progress Control A/c	1,76,500	
Finished Goods Control A/c	3,31,500	
Manufacturing Overhead Control A/c	2,400	
Cost of Sales A/c	1,60,000	
Cost Ledger Control A/c		9,84,600
<b>Total</b>	<b>9,87,000</b>	<b>9,87,000</b>

**PROBLEM NO:3**

Actual loss due to spoilage = 8% of Rs 1,00,000 = Rs 8000 and Normal loss = 2% of Rs 1,00,000 = Rs 2000,

therefore abnormal loss = Rs 6000.

The rejection has a realisable value of Rs 2000, which is to be apportioned between normal loss and abnormal loss in the ratio of 2 : 6.

The accounting entries necessary for recording the above facts would be :

General ledger adjustment / cash Account	Dr. 2,000
Overhead Control Account	Dr. 1,500
Costing Profit and Loss Control Account	Dr. 4,500
To Work-in-Progress Control Account	8,000

In the case of defectives being inherent in the manufacturing process, the rectification cost may be charged to the specific jobs in which they have arisen. In case defectives cannot be identified with jobs, the cost of rectification may be treated as factory overheads. Abnormal defectives should be written off to the Costing Profit and Loss Account

**PROBLEM NO:4**

Dr. Cr. Stores ledger Control A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	54,250	By Work-in-Progress Control A/c	1,97,750
To Creditors/Bank A/c	2,16,590	By Balance c/d	73,090
<b>Total</b>	<b>2,70,840</b>	<b>Total</b>	<b>2,70,840</b>
By Balance b/d	73,090		

Dr. Cr. Work-in-Progress Control A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	89,100	By Finished Good Control A/c	5,12,050
To Stores Ledger Control A/c	1,97,750	By Balance c/d	73,980
To Wages Control A/c	85,480		
To Production Overhead Control A/c (85,480x250%)	2,13,700		
<b>Total</b>	<b>5,86,030</b>	<b>Total</b>	<b>5,86,030</b>
To Balance b/d	73,980		

Dr. Cr. Finished Goods Control A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	42,075	By Cost of Goods Sold A/c	4,93,460
To Work-in-Progress Control A/c	5,12,050	By Balance c/d	60,665
<b>Total</b>	<b>5,54,125</b>	<b>Total</b>	<b>5,54,125</b>
To Balance b/d	60,665		

Dr. Cr. Production Overheads Control A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	2,08,220	By Work-in-Progress Control A/c	2,13,700
To Additional Depreciation	12,500	By Under-Absorbed (or) Costing P&L A/c	7,020
<b>Total</b>	<b>2,20,720</b>	<b>Total</b>	<b>2,20,720</b>

**PROBLEM NO:5**

	Particulars	Debit. (Rs.)	Credit. (Rs.)
i)	Work-in-Progress Ledger Control A/c Dr.	5,50,000	
	Factory Overhead Control A/c Dr.	1,50,000	
	To Stores Ledger Control A/c		7,00,000
	(Being issue of materials)		
ii)	Work-in Progress Ledger Control A/c Dr.	2,00,000	
	Factory Overhead control A/c Dr.	40,000	
	To Wages Control A/c		2,40,000
	(Being allocation of wages and salaries)		
iii)	Factory overhead control A/c Dr.	20,000	
	To Costing Profit & Loss A/c		20,000
	(Being transfer of over absorption of overhead)		
	Costing Profit & Loss A/c Dr.	10,000	
	To Administration Overhead Control A/c		10,000
	(Being transfer of under absorption of overhead)		

**PROBLEM NO:6**

Journal entries are as follows

Particulars	Dr. (Rs.)	Cr. (Rs.)
Stores Ledger Control A/c.....Dr.	2,00,000	
To Payables (Creditors) A/c		2,00,000
(Materials purchased)		
Work-in-Process Control A/c.....Dr.	1,50,000	
To Stores Ledger Control A/c		1,50,000
(Materials issued to production)		
Wages Control A/c.....Dr.	1,20,000	
To Bank A/c		1,20,000
(Wages paid)		
Factory Overhead Control A/c.....Dr.	36,000	
To Wages Control A/c		36,000
(30% of wages paid being indirect charged to overhead)		
Work-in-Process Control A/c.....Dr.	84,000	
To Wages Control A/c		84,000
(Direct wages charged to production)		
Factory Overhead Control A/c.....Dr.	84,000	
To Bank A/c		84,000
(Manufacturing overhead incurred)		
Work-in-Process Control A/c.....Dr.	92,000	
To Factory Overhead Control A/c		92,000
(Manufacturing overhead charged to production)		
Selling and Distribution Overhead Control A/c.....Dr.	20,000	
To Bank A/c		20,000
(Selling and distribution costs incurred)		
Finished Goods Control A/c.....Dr.	2,00,000	
To Work-in-Process Control A/c		2,00,000

(Cost of finished goods)		
Cost of Sales A/c.....	.....Dr.	2,20,000
To Finished Goods Control A/c		2,00,000
To Selling and Distribution Control A/c		20,000
(Costs of goods sold)		
Receivables (Debtors) A/c.....	.....Dr.	2,90,000
To Sales A/c		2,90,000
(Finished stock sold)		
Bank A/c.....	.....Dr.	69,000
To Receivables (Debtors) A/c		69,000
(Receipts from receivables)		
Payables (Creditors) A/c.....	.....Dr.	1,10,000
To Bank A/c		1,10,000
(Payment made to payables)		

## **PROBLEM NO:7**

Dr.	Stores Ledger Control Account		Cr.
Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	18,000	By Work-in-process Control A/c	1,10,000
To Payables (Creditors) A/c	1,00,000	By Production OH Control A/c	2,000
By Balance c/d	6,000		
	1,18,000		1,18,000

Dr.	Wages Control Account	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Bank A/c	82,000	By Work-in-process A/c	87,000
		By Production OH A/c	5,000
	82,000		92,000

Dr.	Work-in-Process Control A/c		Cr.
Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	17,000	By Finished Goods Control A/c	2,15,000
To Stores Ledger Control A/c	1,10,000	By Balance c/d	47,000
To Wages Control A/c	87,000		
To Production OH A/c	48,000		
	2,62,000		2,62,000

Dr.	Production Overhead Control A/c		Cr.
Particulars	(Rs.)	Particulars	(Rs.)
To Wages Control A/c	5,000	By Work-in-process Control A/c	48,000
To Stores Ledger Control A/c	2,000	By Prepaid Rent A/c	300
To Bank A/c	40,000		
To Prov. for Depreciation	1,300		
	48,300		48,300

Dr.	Finished Goods Control A/c		Cr.
Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d (cost of goods sold)	13,000	By Cost of Sales A/c	2,20,000
To Work-in-process Control A/c	2,15,000	By Balance c/d	20,000

To Administrative OH Control A/c	12,000		
	2,40,000		2,40,000

Dr.	Administration Overheads Control A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Bank A/c	12,000	By Finished Goods Control A/c	12,000
	12,000		12,000

Dr.	Cost of Sales A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Finished Goods Control A/c	2,20,000	By Sales A/c	2,34,000
To Selling & Dist. OH A/c	14,000		
	2,34,000		2,34,000

Dr.	Selling and Distribution Overheads A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Bank A/c	14,000	By Cost of Sales A/c	14,000
	14,000		14,000

Dr.	Sales A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Cost of Sales A/c	2,34,000	By Receivables A/c	3,00,000
To Costing P&L A/c	66,000		
	3,00,000		3,00,000

Dr.	Prepaid Rent A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Production OH Control A/c	300	By Balance c/d	300
	300		300

Dr.	Provision for Depreciation A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Balance c/d	6,300	By Balance b/d	5,000
		By Production OH Control A/c	1,300
	6,300		6,300

Dr.	Profit and Loss A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
		By Balance b/d	32,000
To Balance c/d	98,000	By Sales A/c	66,000
	98,000		98,000

Dr.	Receivables (Debtors) A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	12,000	By Bank A/c	2,90,000
To Sales	3,00,000	By Balance c/d	22,000
	3,12,000		3,12,000

Dr.	Payables (Creditors) A/c	Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Bank A/c	1,01,000	By Balance b/d	8,000
To Balance c/d	7,000	By Stores Ledger Control A/c	1,00,000
	1,08,000		1,08,000

Dr.

Bank A/c

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	10,000	By Payables (Creditors) A/c	1,01,000
To Receivables (Debtors) A/c	2,90,000	By Wages Control A/c	92,000
		By Production OH A/c	40,000
		By Administration OH A/c	12,000
		By Selling & Dist. OH A/c	14,000
		By Balance c/d	41,000
	3,00,000		3,00,000

Dr.

Fixed Assets A/c

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	55,000	By Balance c/d	55,000
	55,000		55,000

Dr.

Share Capital A/c

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Balance c/d	80,000	By Balance b/d	80,000
	80,000		80,000

Trial Balance as on 31<sup>st</sup> December, 2012

Particulars	Dr. (Rs.)	Cr. (Rs.)
Stores Control A/c	6,000	
Work-in-Progress A/c	47,000	
Finished Goods A/c	20,000	
Bank A/c	41,000	
Creditors A/c		7,000
Fixed Assets A/c	55,000	
Debtors A/c	22,000	
Share Capital A/c	80,000	
Depreciation Provision A/c		6,300
Profit and Loss A/c		98,000
Prepaid Rent A/c	300	
	1,91,300	1,91,300

**PROBLEM NO: 8**

Dr.

Creditors A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cash on Bank A/c	89,200	By balance b/d	16,400
To balance C/d	19,200	By purchases (b/f)	92,000
	1,08,400		1,08,400

Dr.

Work-in-Progress Control A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	9,200	By Finished Goods Control A/c	1,51,000
To Raw-Materials control A/c(b/f)	53,000	By balance C/d	
To Wages Control A/c(7000hrsX10)	70,000	Materials - 5,000	

To Overheads Control A/c (7,000hrs x 4)	28,000	Labour - 3,000(300 hrs x 10)	
		Overheads - 1,200(300 hrs. x 4)	9,200
	1,60,200		1,60,200

Dr. **Raw Materials Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	32,000	By WIP control A/c	53,000
To Purchases A/c	92,000	By balance C/d	71,000
	1,24,000		1,24,000

Dr. **Finished Goods Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	24,000	By Cost of sales (b/f)	1,45,000
To WIP A/c	1,51,000	By balance C/d	30,000
	1,75,000		1,75,000

Dr. **Manufacturing Overheads Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Sundries A/c	29,600	By W.I.P Control A/c (7,000 hrs x 4)	28,000
		By Under Absorption of overheads A/c	1,600
	29,600		29,600

### PROBLEM NO: 9

Dr. **Statement of Profit as per Financial Records (for the year ended 31<sup>st</sup> March, 2014)** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock of finished goods	53,125	By Sales	22,80,000
To Opening stock of WIP	46,000	By Closing stock of finished goods	45,650
To Raw materials consumed	8,40,000	By Closing stock of WIP	41,200
To Direct labour	6,10,000	By Rent Received	46,000
To Factory Overheads	4,22,000	By Interest received	38,000
To Administration Overheads	1,98,000		
To Selling & Distribution Overheads	72,000		
To Dividend paid	1,22,000		
To Bad debts	18,000		
To Profit	69,720		
	24,50,850		24,50,850

### Statement of profit as per cost records.

Particulars	Amount (Rs.)	Amount (Rs.)
Sales		22,80,000
Cost of sales.		
Raw Materials Consumed	8,40,000	
Direct Labour	6,10,000	
Prime Cost	14,50,000	
Factory overheads(70% of Direct wages)	4,27,000	
Factory cost	18,77,000	
(+) Opening WIP	46,000	

(-) Closing WIP	41,200
Factory Cost of goods produced	18,81,800
Administrative overheads (15% of Factory cost)	2,82,270
Cost of Production of 12,405 units	21,64,070
(+) Opening Factory goods (625 units x 120)	75,000
(-) Closing Factory goods(21,64,070/12,405 x 415 units)	72,397
Cost of goods Sold	21,66,673
Selling & Distribution overheads (12,615 x 3)	37,845
Profit	75,482

## **Statement of Reconciliation.**

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per Cost Accounts		75,482
<b>Add:</b> Administrative overheads over Absorbed (2,82,270-1,98,000)	84,270	
Opening stock over valued (75,000-53,125)	21,875	
Interest received	38,000	
Rent Received	46,000	
Factory overheads over recovered (4,27,000-4,22,00)	5,000	1,95,145
		2,70,627
<b>Less:</b> Selling & Distribution overheads under recovery (72,000 - 37,845)	34,155	
Closing stock over valued (72,397-45,650)	26,747	
Dividend	1,22,000	
Bad debts	18,000	(2,00,902)
Profit as per financial accounts		69,725

### PROBLEM NO:10

Dr.	Profit and Loss A/c (As per financial Records)		Cr.	
	Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Direct Material	50,00,000	By Sales (1,20,000 units)	1,20,00,000	
To Direct Wages	30,00,000	By Closing Stock		
To Factory overheads	16,00,000	WP	2,40,000	
To Gross Profit	29,60,000	Finished Goods (4,000 units)	3,20,000	
	1,25,60,000		1,25,60,000	
To Administration Overheads	7,00,000	BY Gross Profit	29,60,000	
To Selling and Distribution overheads	9,60,000	By Dividend	1,00,000	
To Bad debts	80,000	By Interest	20,000	
To Preliminary expenses Written off	40,000			
To Legal Charges	10,000			
To Net profit	12,90,000			
	30,80,000			30,80,000

## Cost Sheet

Particulars	Amount (Rs.)
Direct Materials	56,00,000
Direct Wages	30,00,000
Prime Cost	86,00,000
Factory Overheads	17,20,000
Factory Cost (1,24,000 units)	1,03,20,000

(-) Closing WIP	(2,40,000)
Factory cost of finished Goods	1,00,80,000
Administration overheads (1,24,000 units x 6)	7,44,000
Cost of Production (1,24,000 units)	1,08,24,000
(-) Closing Finished stock(4,000 x 87.29)	(3,49,160)
Cost of goods sold (1,20,000 units)	1,04,74,840
Selling and Distribution overheads (1,20,000 x 8)	9,60,000
Cost of Sales	1,14,34,840
Profit (Big. fig)	5,65,160
Sales	1,20,00,000

**Statement of Reconciliation of Profit.**

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per Cost Records		5,65,160
<b>Add:</b> Excess of Material Consumption	6,00,000	
Factory overheads absorbed	1,20,000	
Excess Administration overheads	44,000	
Dividend Received	1,00,000	
Interest Received	20,000	8,84,000
		14,49,160
<b>Less:</b> Bad Debts	80,000	
Preliminary expenses written off	40,000	
Legal Charges	10,000	
Over Valuation of Closing stock in cost A/c's	29,160	(1,59,160)
Profit as per Financial Records		12,90,000

**PROBLEM NO:11**

**Costing Profit and Loss Account for the year ended 31<sup>st</sup> March 2016**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Material consumed	14,16,000	Sales (30,000 units)	30,00,000
Direct wages	7,42,000		
Prime Cost	21,58,000		
Works overheads (20% of Prime cost)	4,31,600		
	25,89,600		
<b>Less:</b> Work in progress	(54,000)		
Factory cost	25,35,600		
Administration overheads (Rs.5 × 32,000 units)	1,60,000		
Cost of production of goods produced	26,95,600		
<b>Less:</b> Finished stock	(1,68,475)		
Cost of production of goods sold	25,27,125		
Selling & distribution overheads (Rs.6 × 30,000 unit)	1,80,000		
Cost of sales	27,07,125		
Profit (balancing figure)	2,92,875		
	30,00,000		30,00,000

Statement reconciling the profit as per costing profit and loss account with the profit as per financial accounts

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per cost records		2,92,875
<b>Add:</b> Overheads over-absorbed:		
- Works overheads (Rs. 4,31,600 – Rs. 4,26,000)	5,600	
- Administration OH (Rs. 1,60,000 – Rs. 1,50,000)	10,000	
- Selling and Distribution (Rs. 1,80,000 – Rs. 1,65,000)	15,000	30,600
Less: Closing stock overvalued (Rs. 1,68,475 – Rs. 1,67,500)		(975)
Profit as per financial accounts		3,22,500

\*It is assumed that the number of units Produced = Number of units sold + Finished stock = 30,000 + 2,000 = 32,000 units.

### PROBLEM NO:12

#### Reconciliation Statement

Particulars	Amount (Rs.)	Amount (Rs.)
Loss as per Cost Accounts		(2,48,300)
<b>Add:</b> Works overheads over recovered	30,400	
Depreciation over charged in cost accounts	35,100	
Interest credited during the year in financial accounts	7,500	73,000
<b>Less:</b> Selling overheads under recovered	20,300	
Administrative overheads under recovered	27,700	
Bad debts w/off in financial accounts	15,000	
Preliminary Exp. w/off in financial accounts	5,000	(68,000)
<b>Loss as per Financial Accounts</b>		(2,43,300)

### PROBLEM NO:13

Dr. Memorandum Reconciliation Account Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Net loss as per costing books	3,28,000	By Administration overhead over-recovered in costs	4,000
To Factory overheads under recovered in costs	6,000	By Depreciation overcharged in costs	10,000
To Income-tax not provided in costs	1,20,000	By Interest on investments not included in costs	20,000
		By Transfer fees in financial books	2,000
		By Stores adjustment	2,000
		By Net loss as per financial books	4,16,000
	4,54,000		4,54,000

### PROBLEM NO:14

Dr. Memorandum Reconciliation Accounts Cr.

Particulars	Amount	Particulars	Amount
To Net Loss as per Cost Accounts	48,700	By Administration overheads over recovered in Cost Accounts	65,000
To Factory overheads under absorbed in Cost Accounts	30,500	By Depreciation overcharged in Cost Accounts (2,70,000 – 2,25,000)	45,000
To Provision for Income tax	52,400	By Transfer fees in Financial	10,200

		Accounts	
To Obsolescence loss	20,700	By Notional Rent of own premises	54,000
To Overvaluation of closing stock in Cost Accounts**	9,500	By Overvaluation of Opening stock in Cost Accounts*	23,000
To Net Profit (as per Financial Accounts)	35,400		
		1,97,200	1,97,200

\* Overvaluation of Opening Stock as per Cost Accounts

= Value in Cost Accounts – Value in Financial Accounts

=  $1,38,000 - 1,15,000 = 23,000$ .

\*\* Overvaluation of Closing Stock as per Cost Accounts

= Value in Cost Accounts – Value in Financial Accounts

=  $1,22,000 - 1,12,500 = 9,500$ .

### **PROBLEM NO:15**

Dr. **Stores Ledger Control A/c** Cr.

Particulars	(Rs)	Particulars	(Rs)
To Balance b/d	1,08,000	By Work in Process A/c	5,76,000
To General Ledger Adjustment A/c	5,76,000	By Overhead Control A/c	72,000
To Work in Process A/c	2,88,000	By Overhead Control A/c (Deficiency)	21,600*
		By Balance c/d	3,02,400
	9,72,000		9,72,000

\*Deficiency assumed as normal (alternatively can be treated as abnormal loss)

Dr. **Work in Progress Control A/c** Cr.

Particulars	(Rs)	Particulars	(Rs)
To Balance b/d	2,16,000	By Stores Ledger Control a/c	2,88,000
To Stores Ledger Control A/c	5,76,000	By Costing P/L A/c (Balancing figures being Cost of finished goods)	14,40,000
To Wages Control A/c	2,16,000	By Balance c/d	1,44,000
To Overheads Control A/c	8,64,000		
	18,72,000		18,72,000

Dr. **Overheads Control A/c** Cr.

Particulars	(Rs)	Particulars	(Rs)
To Stores Ledger Control A/c	72,000	By Work in Process A/c	8,64,000
To Stores Ledger Control A/c	21,600	By Balance c/d (Under absorption)	1,65,600
To Wages Control A/c (Rs 2,52,000- Rs 2,16,000)	36,000		
To GLA A/c	9,00,000		
	10,29,600		10,29,600

Dr. **Costing Profit & Loss A/c** Cr.

Particulars	(Rs)	Particulars	(Rs)
To Work in progress	14,40,000	By GLA A/c (Sales) (Rs 14,40,000 $\times$ 115%)	16,56,000

To GLA A/c (Profit)	2,16,000		
	<b>16,56,000</b>		<b>16,56,000</b>

**PROBLEM NO: 16**

Dr.	Stores Control A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	12,60,000	By WIP Control A/c	67,20,000
To Purchases/GLA	67,20,000	By Production overheads control A/c	8,40,000
To WIP Control A/c	33,60,000	By Production overheads control A/c (Shortage) (assumed as normal)	2,52,000
		By balance C/d	35,28,000
	1,13,40,000		1,13,40,000

Dr.	Work-in-Progress Control A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	25,20,000	By Stores Control A/c	33,60,000
To Stores Control A/c	67,20,000	By Costing P & L A/c	1,58,88,000
To Wages Control A/c	25,20,000	By balance C/d	15,20,000
To Production overheads A/c	90,08,000		
	2,07,68,000		2,07,68,000

Dr.	Costing Profit and Loss A/c	Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To WIP Control A/c	1,58,88,000	By Sales A/c	1,77,94,560
To GLA A/c	19,06,560		
	1,77,94,560		1,77,94,560

Dr.	Profit and Loss A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock:		By Sales	1,77,94,560
Stores	12,60,000	By Income from investment	4,00,000
WIP	25,20,000	By Closing Stock:	
To Purchases	67,20,000	Stores	35,28,000
To Wages	29,40,000	WIP	15,20,000
To Overheads	95,50,000	By Loss	5,87,440
To Loss on sale of fixed assets	8,40,000		
	2,38,30,000		2,38,30,000

## Reconciliation Statement

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per cost A/c's		19,06,560
<b>Add:</b> Income from investments		4,00,000
		23,06,560
<b>Less:</b> Loss on sale of fixed Assets	8,40,000	
Under Absorption of overheads (Rs.95,50,000 + Rs.4,20,000 + Rs.8,40,000 + Rs.2,52,000 - Rs.90,08,000)	20,54,000	(28,94,000)
Loss as per financial A/c's.		5,87,440

Dr.

Production Overheads Control A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stores ledger Control A/c	8,40,000	By WIP	90,08,000
To Stores ledger Control A/c (Shortage)	2,52,000	By balance C/d	20,54,000
To Wages Control A/c	4,20,000		
To GLA A/c	95,50,000		
	1,10,62,000		1,10,62,000

**PROBLEM NO:17**

Dr.

Stores Ledger Control A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	63,000	By WIP A/c	3,36,000
To General ledger Adjustment A/c	3,36,000	By Overheads A/c	42,000
To WIP A/c	1,68,000	By Overheads A/c (Deficiency) assumed as abnormal	12,600
		By Balance c/d	1,76,400
	5,67,000		5,67,000

Dr.

Work-In-Progress Control A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	1,26,000	By Stores ledger control A/c	1,68,000
To Stores ledger control A/c	3,36,000	By Costing P & L A/c(Finished goods) Bal. fig)	8,40,000
To Wages control A/c	1,26,000	By balance C/d	84,000
To Overheads A/c	5,25,000		
	10,92,000		10,92,000

\* Alternatively it can be assumed abnormal.

Dr.

Costing P&amp;L A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To MP A/c	8,40,000	By GLA A/c (Sales)	9,24,000
To GLA A/c (Profit)	84,000		
	9,24,000		9,24,000

Dr.

Financial Profit and Loss A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock :		By Sales	9,24,000
Stores	63,000	By Income from investment	21,000
WIP	1,26,000	By Closing Stock :	
To Purchases	3,36,000	Stores	1,76,400
To Wages	1,47,000	WIP	84,000
To Overheads	5,25,000	By Loss	2,60,400
To Loss on sale of fixed Assets	42,000		33,600
	12,39,000		12,39,000

**Reconciliation Statement.**

Particulars	Rs.	Rs.
Profit as per cost A/c's		84,000
<b>Add:</b> Income from investments		21,000
		1,05,000
<b>Less:</b> Under absorption of overheads	96,600	
Loss on sale of fixed Assets	42,000	1,38,600
Loss as per financial A/c's.		33,600

**THE END**

MASTER MINDS