

9. COST ACCOUNTING SYSTEMS**PROBLEM NO: 1**

Dr. **Cost Ledger Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Store Ledger Control A/c	13,000	By Opening Balance	6,85,000
To Balance c/d	9,42,000	By Store ledger control A/c	1,25,000
		By Manufacturing Overhead Control A/c	85,000
		By Wages Control A/c	60,000
	9,55,000		9,55,000

Dr. **Stores Ledger Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening Balance	3,00,000	By WIP Control A/c	1,35,000
To Cost ledger control A/c	1,25,000	By Cost ledger control A/c (Returns)	13,000
By Balance c/d	2,77,000		
	4,25,000		4,25,000

Dr. **WIP Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening Balance	1,50,000	By Finished Stock Ledger Control A/c	2,25,000
To Wages Control A/c	40,000	By Balance c/d	1,85,000
To Stores Ledger Control A/c	1,35,000		
To Manufacturing Overhead Control A/c	85,000		
	4,10,000		4,10,000

Dr. **Finished Stock Ledger Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening Balance	2,50,000	By Cost of Sales	1,75,000
To WIP Control A/c	2,25,000	By Balance c/d	3,09,000
To Cost of Sales A/c (Sales Return)	9,000		
	4,84,000		4,84,000

Dr. **Manufacturing Overhead Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Cost Ledger Control A/c	85,000	By Opening Balance	15,000
To Wages Control A/c	20,000	By WIP Control A/c	85,000
By Under recovery c/d	5,000		
	1,05,000		1,05,000

Dr. **Wages Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Transfer to Cost Ledger Control A/c	60,000	By WIP Control A/c	40,000
		By Manufacturing Overhead Control A/c	20,000
	60,000		60,000

Dr. **Cost of Sales Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Finished Stock Ledger Control A/c	1,75,000	By Finished Stock Ledger Control A/c (Sales return)	9,000
		By Balance c/d	1,66,000
	1,75,000		1,75,000

Trial Balance

Particulars	(Rs.)	(Rs.)
Stores Ledger Control A/c	2,77,000	
WIP Control A/c	1,85,000	
Finished Stock Ledger Control A/c	3,09,000	
Manufacturing Overhead Control A/c	5,000	
Cost of Sales A/c	1,66,000	
Cost ledger control A/c	----	9,42,000
	9,42,000	9,42,000

PROBLEM NO: 2

Dr. Stores ledger Control A/c		Cr.	
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
Total	2,70,840	Total	2,70,840
By Balance b/d	73,090		

Dr. Work-in-Progress Control A/c		Cr.	
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		
Total	5,86,030	Total	5,86,030
To Balance b/d	73,980		

Dr. Finished Goods Control A/c		Cr.	
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
Total	5,54,125	Total	5,54,125
To Balance b/d	60,665		

Dr. Production Overheads Control A/c		Cr.	
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
Total	2,20,720	Total	2,20,720

PROBLEM NO: 3

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
Total	9,95,600	Total	9,95,600

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	3,19,000
Total	4,56,000	Total	4,56,000

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 Overhead Control A/c	86,000	By Balance c/d	1,76,500
Total	4,12,000	Total	4,12,000

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
Total	4,99,500	Total	4,99,500

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		
Total	1,14,00	Total	1,14,00

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
Total	68,600	Total	68,600

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		
Total	1,68,000	Total	1,68,000		

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
Total	9,87,000	9,87,000

PROBLEM NO: 4

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

PROBLEM NO: 5

Dr.		General Ledger Adjustment A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To costing P&L A/c	50,000	By Balance b/d	23,000		
		By Stores Ledger Control A/c	25,000		
		By Wages Control A/c	10,000		
		By Overheads Control A/c	8,000		
To Balance c/d	32,000	By Costing P&L A/c	16,000		
Total	82,000	Total	82,000		

Dr.		Stores Ledger Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		

To Balance b/d	8,000	By Work-in-Progress Control A/c	22,000
To General Ledger Adjustment A/c	25,000	By Balance c/d	11,000
Total	33,000	Total	33,000

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	5,000	By Finished Goods (b/f)	35,000
To Stores Ledger Control A/c	22,000	By Balance c/d	9,000
To Wages Control A/c	8,000		
Overheads Control A/c	9,000		
Total	44,000	Total	44,000

Dr. **Finished Stock A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	10,000	By Cost of Sales A/c (b/f)	33,000
To Work-in-Progress Control A/c	35,000	By Balance c/d	12,000
Total	45,000	Total	45,000

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General Ledger Adjustment A/c	10,000	By Work-in-Progress Control A/c	8,000
		By Overheads Control A/c	2,000
Total	10,000	Total	10,000

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General Ledger Adjustment A/c	8,000	By Work-in-Progress Control A/c	9,000
To Wages Control A/c	2,000	By Costing P&L A/c	1,000
Total	10,000	Total	10,000

*(Overheads Incurred + Indirect wages) – Overheads Absorbed

= (Rs.8000 + Rs. 2000) – Rs.9000 = Rs.1000 (under absorption)

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Finished Goods Control A/c	33,000	By Costing P&L A/c	33,000
Total	33,000	Total	33,000

Dr. **Costing P&L A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost of Goods Sold A/c/Cost Of Sales A/c	33,000	By General Ledger Adjustment A/c (sales)	50,000
To Overheads Control A/c	1,000		

To General Ledger Adjustment A/c (b/f)	16,000		
Total	50,000	Total	50,000

PROBLEM NO: 6

Dr.		Stores Ledger Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Balance b/d	9,000	By Work-in-Progress Control A/c	48,000		
To General Ledger Adjustment A/c	48,000	By Overheads Control A/c	6,000		
To Work-in-progress Control A/c	24,000	By Overheads Control A/c (deficiency)	1,800		
		By Balance c/d	25,200		
Total	81,000	Total	81,000		

*Deficiency is assumed as normal (alternatively can be assumed as abnormal)

Dr.		Work-in-progress Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Balance b/d	18,000	By Stores Ledger Control A/c	24,000		
To Stores Ledger Control A/c	48,000	By Costing P&L A/c (Balancing figure being cost of finished goods)	1,20,000		
To Wages Control A/c	18,000				
To Overhead Control A/c	72,000	By Balance c/d	12,000		
Total	1,56,000	Total	1,56,000		

Dr.		Overheads Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Stores Ledger Control A/c	6,000	By Work-in-Progress Control A/c	72,000		
To Stores Ledger Control A/c	1,800				
To Wages Control A/c (21000-18000)	3,000				
To General Ledger Adjustment A/c	75,000	By Balance c/d	13,800		
Total	85,800	Total	85,800		

Dr.		Costing P&L A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Work-in-Progress Control A/c	1,20,000	By General Ledger Adjustment A/c (Sal)	1,32,000		
To General Ledger Adjustment A/c (Profit)	12,000				
Total	1,32,000	Total	1,32,000		

PROBLEM NO: 7

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 Gen. Ledger Adjust. 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 Gen. ledger Adjust. A/c (Sales) (Rs 14,40,000 × 115%)	16,56,000
To Gen. Ledger Adjust. A/c (Profit)	2,16,000		
	16,56,000		16,56,000

PROBLEM NO: 8

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: 9

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	92,000	By Work-in-process A/c	87,000
		By Production OH A/c	5,000
	92,000		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

PROBLEM NO: 10

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	40,950	By WIP Control A/c	2,50,250
To Trade payables A/c	2,27,500	By Production overheads Control A/c	4,550
		By balance C/d	13,650
	2,68,450		2,68,450

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	2,09,300	By WIP Control A/c	1,97,925
Direct wages (Rs.1,97,925)		By Production Overheads A/c	11,375
Indirect wages (Rs.11,375)			
	2,09,300		2,09,300

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	38,675	By Finished goods A/c	4,89,125
To Wages Control A/c	1,97,925	By balance C/d	1,06,925
To Stores Control A/c	2,50,250		
To Production Overheads A/c	1,09,200		
	5,96,050		5,96,050

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Wages Control A/c	11,375	By WIP Control A/c	1,09,200
To Stores Control A/c	4,550	By P & L A/c	14,039
To Bank A/c (91,000-6,250)	84,750		
To Production Overheads Outstanding A/c	7,775		

To Provision For Depreciation A/c	14,789		
	1,23,239		1,23,239

Production overhead incurred = payments made + closing o/s + provision for depreciation – opening o/s

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	52,325	By Cost of Sales A/c	5,00,500
To WIP Control A/c	4,89,125	By balance C/d	80,450
To Administration Overheads A/c	39,500		
	5,80,950		5,80,950

Dr. **Administration overheads Control A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Pre-paid administration overheads A/c	9,975	By Finished goods Control A/c	39,500
To Bank A/c	27,300		
To Administration OH s Outstanding A/c	2,225		
	39,500		39,500

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Finished goods A/c	5,00,500	By Sales A/c	5,32,350
To Selling Overheads A/c	31,850		
	5,32,350		5,32,350

Dr. **SOH A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	31,850	By cost of sales A/c	31,850
	31,850		31,850

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

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cost of Sales A/c	5,32,350	By Trade Receivables A/c	6,82,500
To P & L A/c	1,50,150		
	6,82,500		6,82,500

Dr. **Production overheads outstanding A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	6,250	By balance b/d	6,250
To balance C/d	7,775	By Production overheads A/c	7,775
	14,025		14,025

Dr. **Prepaid Administration Overheads A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	9,975	By Administration Overheads A/c	9,975
	9,975		9,975

Dr. **Provision for Depreciation A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance C/d	26,164	By balance b/d	11,375
		By Production Overheads A/c	14,789
	26,164		26,164

Dr. **Provision for Doubtful Debts A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance C/d	4,590	By balance b/d	3,725
		By P & L A/c	865
	4,590		4,590

Dr. **AOH O/S A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance c/d	2,225	By AOH control A/c	2,225
	2,225		2,225

Dr. **Profit and Loss A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Provision for doubtful debts A/c	865	By balance b/d	72,800
To Production Overheads A/c	14,039	By Sales A/c	1,50,150
To balance C/d*	2,08,046		
	2,22,950		2,22,950

*Profit is to be transferred to Reserves & Surplus

Dr. **Trade Receivables A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	27,300	By Bank A/c	6,59,750
To Sales A/c	6,82,500	By balance C/d	50,050
	7,09,800		7,09,800

Dr. **Non-Current Assets A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	1,47,875	By balance C/d	1,47,875
	1,47,875		1,47,875

Dr. **Bank A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Trade Receivables A/c	6,59,750	By balance b/d	22,750
		By Wages Control A/c	2,09,300
		By Production Overheads A/c (84,750+6,250)	91,000
		By Administration Overheads A/c	27,300
		By Selling Overheads A/c	31,850
		By Trade Payables A/c	2,29,775
		By balance C/d	47,775
	6,59,750		6,59,750

Dr. **Trade Payables A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	2,29,775	By Balance b/d	18,200
To Balance C/d	15,925	By Stores Control A/c	2,27,500
	2,45,700		2,45,700

Trial Balance as on 31-03-2014

Particulars	Debit (Rs.)	Credit (Rs.)
Stores Control A/c	13,650	
WIP Control A/c	1,06,925	
Finished Goods A/c	80,450	
Bank A/c	47,775	
Trade payables A/c		15,925
Non-Current Assets A/c	1,47,875	
Trade Receivables A/c	50,050	
Share Capital A/c		1,82,000
Provision for Depreciation A/c		26,164
Reserves & Surplus (P & L A/c)		2,08,046
Production Overheads Outstanding A/c		7,775
Administrative Overheads Outstanding A/c		2,225
Provision for doubtful debts		4,590
	4,46,725	4,46,725

PROBLEM NO: 11

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

Dr.	Particulars	Amount (Rs.)	Cr.	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.	Particulars	Amount (Rs.)	Cr.	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.	Particulars	Amount (Rs.)	Cr.	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 (7,000hrs x 4)	28,000
		By Under-Absorption of overheads A/c	1,600
	29,600		29,600

PROBLEM NO: 12

Dr. Creditors A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	5,80,000	By Balance b/d	25,000
To Balance c/d	40,000	By Stores ledger control A/c (Materials purchased) (Bal. figure)	5,95,000
	6,20,000		6,20,000

Dr. Stores Ledger Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	40,000	By WIP control A/c (Balancing figure)	5,70,000
To Creditors A/c (Materials purchased)	5,95,000	By Balance c/d	65,000
	6,35,000		6,35,000

Dr. Work-in-Process Control A/c		Cr.		
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)	Amount (Rs.)
To Balance b/d	50,000	By Finished goods control A/c (Balancing figure)		10,05,000
To Stores ledger control A/c	5,70,000	By Balance c/d:		
To Wages control A/c (80% of Rs. 4,00,000)	3,20,000	- Material	35,000	
		- Labour (Rs. 50* × 400 hours)	20,000	
		- Factory OH (Rs. 20** × 400 hours)	8,000	63,000
To Factory Overhead control A/c	1,28,000			
	10,68,000			10,68,000

* Direct Labour Hour Rate = Rs. 3,20,000/ 6,400 hours = Rs. 50

** Factory Overhead Rate = Rs. 20,80,000/ 1,04,000 = Rs. 20

Dr. Wages Control A/c		Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Bank A/c	4,00,000	By WIP control A/c (80% of Rs. 4,00,000)	3,20,000
		By Factory OH Control A/c (20% of Rs. 4,00,000)	80,000
	4,00,000		4,00,000

Dr. Factory Overhead Control A/c		Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Wages control A/c	80,000	By WIP control A/c (Rs. 20 × 6,400 hours)	1,28,000
To Bank A/c (Indirect expenses)	60,000	By Balance c/d	12,000
	1,40,000		1,40,000

PROBLEM NO: 13Dr. Statement of Profit as per financial records (for the year ended 31st 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 Work-in-progress	46,000	By Closing stock of finished goods	45,650
To Raw materials consumed	8,40,000	By Closing stock of Work-in-progress	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(625units x 120)	75,000	
(-) Closing Factory goods(21,64,070/12,405X415 units)	72,397	
Cost of goods Sold	21,66,673	
Selling & Distribution overheads (12,615 x 3)	37,845	22,04,518
Profit		75,482

Statement of Reconciliation.

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per Cost Accounts		75,482
Add:- 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
Less:- 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: 14

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	WIP	2,40,000
To Gross Profit	29,60,000	Finished Goods (4,000units)	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 (1,24,000unitsX 6)	7,44,000
Cost of Production (1,24,000 units)	1,08,24,000
(-) Closing Finished stock(4,000X 87.29)	(3,49,160)
Cost of goods sold (1,20,000units)	1,04,74,840
Selling and Distribution overheads (1,20,000X8)	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
Add:- 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
Less:- 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: 15

Costing Profit and Loss Account for the year ended 31st 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		
Less: 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		
Less: Finished stock	(1,68,475)		
Cost of production of goods sold	25,27,125		
Selling and 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
Add: 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: 16

Dr. Statement of profit as per financial records. (for the year ended 31-03-2014) Cr

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock:		By Sales	20,80,000
Finished goods	76,525	By Closing Stock:	
WIP	33,000	Finished Goods	43,250
To Raw materials Consumed	7,84,000	WIP	48,200
To Direct Labour	4,65,000	By Rent Received	72,000
To Factory overheads	2,65,000	By Interest Received	18,500
To Good will written off	95,000		
To Administration overheads	3,15,000		
To Selling & Distribution overheads	65,000		
To Interest paid	72,000		
To Bad Debts	21,000		
To Profit	70,425		
	22,61,950		22,61,950

Statement of Profit as per Cost records

Particulars	Amount (Rs.)	Amount (Rs.)
Sales		20,80,000
Cost of Sales:		
Raw Materials Consumed	7,84,000	
Direct Labour	4,65,000	
Prime cost	12,49,000	
Factory overheads (60% of Direct wages)	2,79,000	
Factory Cost	15,28,000	
(+) Opening WIP	33,000	
(-) Closing WIP	(48,200)	
Factory Cost of goods produced.	15,12,800	
Administrative overheads (20% of Factory Cost)	3,02,560	
Cost of production (14,000 units)	18,15,360	
(+) Opening Finished Goods (875 X 105)	91,875	
(-) Closing Finished Goods (18,15,360/14,000X875)	(48,626)	
Cost of goods Sold	18,58,609	
Selling & Distribution overheads (14,500 X 5 per unit)	72,500	(19,31,109)
Profit		1,48,891

Reconciliation Statement

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per cost Accounts		1,48,891
Add :- Factory overheads over Absorbed (Rs.2,79,000-Rs.2,65,000)	14,000	
S & D overheads over Absorbed (Rs.72,500-Rs.65,000)	7,500	
Opening stock over valued (Rs.91,875-Rs.76,525)	15,350	
Interest received	18,500	
Rent Received	72,000	1,27,350
		2,76,241
Less :- Administration overheads under recovery (Rs.3,15,000 – Rs.3,02,560)	12,440	
Closing stock overvalued (Rs.48,626 – Rs.43,250)	5,376	
Good will written off	95,000	
Interest paid	72,000	
Bad debts	21,000	(2,05,816)
Profit as per financial A/c's		70,425

PROBLEM NO: 17

i) Costing Profit & Loss statement

Particulars	(Rs.)
Materials	28,06,000
Wages	18,05,750
Prime Cost	46,11,750
Production overheads (20% of Prime Cost)	9,22,350
	55,34,100
Less: Work in Progress	(97,500)
Manufacturing cost incurred during the period	54,36,600
Add: Administration Overheads (Rs.15.75 x 31,000 units)	4,88,250
Cost of Production	59,24,850
Less: Closing Finished goods stock $\left(59,24,850 \times \frac{1,000}{31,000} \right)$	(1,91,124)
Cost of Goods Sold	57,33,726

Add: Selling & Distribution Overheads (Rs.13 × 30,000 units)	3,90,000
Cost of Sales	61,23,726
Profit (Balancing figure)	7,51,274
Sales	68,75,000

ii)

Production OH A/c

Particulars	(Rs.)	Particulars	(Rs.)
To General Ledger Adjustment. A/c	9,92,250	By WIP A/c	9,22,350
		By Overhead adj. A/c (Under-absorption)	69,900
	9,92,250		9,92,250

Administration Overheads A/c

Particulars	(Rs.)	Particulars	(Rs.)
To General Ledger Adjustment A/c	5,10,375	By Finished goods A/c	4,88,250
		By Overhead adjustment A/c (Under-absorption)	22,125
	5,10,375		5,10,375

Selling & Distribution Overheads A/c

Particulars	(Rs.)	Particulars	(Rs.)
To General Ledger Adjustment A/c	3,68,875	By Cost of Sales A/c	3,90,000
To Overhead Adj. A/c (Over-absorption)	21,125		
	3,90,000		3,90,000

iii) Reconciliation Statement

Particulars	(Rs.)	(Rs.)
Profits as per cost accounts		7,51,274
Add: Selling & Distribution Overheads- over-absorbed	21,125	
Dividend received	4,90,000	
Interest on bank deposits	95,000	6,06,125
		13,57,399
Less: Production Overheads- under-absorbed	69,900	
Administration Overheads- under-absorbed	22,125	
Preliminary exp. Written off	22,750	
Goodwill written off	45,500	
Fines	7,250	
Interest on term loan	13,000	
Loss on sale of machinery	16,250	
Taxation	1,95,000	
Write-down of Finished stock (Rs.1,91,124 – Rs.1,30,000)	61,124	(4,52,899)
Profit as per Financial Accounts		9,04,500

PROBLEM NO: 18

Workings:

Preparation of Cost Sheet/ Cost Statement

Particulars	Amount (Rs.)
Materials	26,80,000
Wages	17,80,000
Prime Cost	44,60,000
Add: Factory expenses (20% of Rs. 44,60,000)	8,92,000
Factory Cost	53,52,000
Add: Administrative expenses (10% of Rs. 53,52,000)	5,35,200
Cost of Production	58,87,200

Less: Closing Stock $\left(\text{Rs. } 58,87,200 \times \frac{2,000 \text{ units}}{52,000 \text{ units}} \right)$	(2,26,431)
Cost of Goods Sold	56,60,769
Add: Selling expenses (Rs. 10 × 50,000 units)	5,00,000
Cost of Sales	61,60,769
Profit (Balancing figure)	39,231
Sales Value	62,00,000

(It has been assumed that administrative expenses are related with production activities)

Costing Profit and Loss Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Materials	26,80,000	By Sales	62,00,000
To Wages	17,80,000	By Closing stock	2,26,431
To Factory expenses	8,92,000		
To Administrative expenses	5,35,200		
To Selling expenses	5,00,000		
To Profit (Balancing figure)	39,231		
	64,26,431		64,26,431

Reconciliation of profit as per Cost Accounts and as per Financial Accounts

Particulars	Amount (Rs.)
Profit as per Cost Accounts	39,231
Additions:	
Administrative expenses (Over-absorbed) (Rs. 5,35,200 – Rs. 4,80,200)	55,000
Selling expenses (Overcharged) (Rs. 5,00,000 – Rs. 2,50,000)	2,50,000
Dividend received	20,000
	3,64,231
Deductions:	
Factory expenses (Under -absorbed) (Rs. 9,50,000 – 8,92,000)	58,000
Closing stock (Over-valued) (Rs. 2,26,431 – Rs. 1,50,000)	76,431
Preliminary expenses written off	50,000
	1,84,431
Profit as per Financial Accounts	1,79,800

(Reconciliation statement may also be prepared by taking financial profit as base.)

PROBLEM NO: 19

i) Statement of Profit as per Cost Accounts.

Particulars	Units	Amount (Rs.)
Opening Stock @ Rs. 180 per unit	500	90,000
Cost of Production @ Rs. 240 per unit	10,000	24,00,000
Total	10,500	24,90,000
Less: Closing Stock @ Rs. 240 per unit	(250)	(60,000)
	10,250	24,30,000
Selling expenses @ Rs. 24 per unit		2,46,000
Cost of Sales		26,76,000
Profit		1,94,000
Sales	10,250	28,70,000

Working Notes: 1 Statement of Cost

(10,000 Units)

Particulars	Total Cost	Cost Per Unit
Materials	10,40,000	104.00
Wages	6,00,000	60.00
Factory Overhead 60% of wages	3,60,000	36.00

Factory Cost	20,00,000	200.00
Administrative overheads	4,00,000	40.00
Total Cost	24,00,000	240.00

ii) Statement of differences between the sets of Accounts.

	Financial A/c(Rs.)	Cost A/c (Rs.)	Difference (Rs.)	Remarks.
Factory Overheads	3,79,000	3,60,000	19,000	Under Recovery
Admin. Overheads	4,24,000	4,00,000	24,000	Under Recovery
Selling expenses	2,20,000	2,46,000	26,000	Over Recovery
Opening Stock	70,000	90,000	20,000	Over Recovery
Closing Stock	50,000	60,000	10,000	Over Recovery

Reconciliation Statement.

Particulars	Amount (Rs.)	Amount (Rs.)
Profit as per cost Accounts		1,94,000
Add :- Over valuation of Selling overheads in cost A/c's	26,000	
Over valuation of Opening stock in cost A/c's	20,000	
Income excluded from cost A/c's :		
Interest	1,000	
Rent	40,000	87,000
		2,81,000
Less :- Under recovery of overheads in cost A/c's :		
Factory overheads	19,000	
Administrative overheads	24,000	
Over Valuation of Closing stock in cost A/c	10,000	
Expenses excluded in cost A/c's :		
Bad debts	16,000	
Preliminary expenses	20,000	(89,000)
Profit as per financial Accounts.		1,92,000

PROBLEM NO: 20

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
Add : Income from investments		4,00,000
		23,06,560
Less : 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: 21

Dr. Memorandum Reconciliation Accounts		Cr.	
Particulars	(Rs.)	Particulars	(Rs.)
To Net Loss as per Costing books	3,47,000	By Administration overheads over recovered in cost accounts	60,000
To Factory overheads under absorbed in Cost Accounts	40,000	By Interest on investment not included in Cost Accounts	96,000
To Depreciation under charged in Cost Accounts	50,000	By Transfer fees in Financial books	24,000
To Income-Tax not provided in Cost Accounts	54,000	By Stores adjustment (Credit in financial books)	14,000
To Interest on Loan Funds in Financial Accounts	2,45,000	By Dividend received in financial books	32,000
		By Net loss as per Financial books	5,10,000
	7,36,000		7,36,000

PROBLEM NO: 22**Memorandum Reconciliation Account**

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: 23

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

Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	54,000	By Work in Process A/c	2,88,000
To General Ledger Adjustment A/c	2,88,000	By Overhead Control A/c	36,000
To Work in Process A/c	1,44,000	By Overhead Control A/c (Deficiency)	10,800*
		By Balance c/d	1,51,200
	4,86,000		4,86,000

*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	1,08,000	By Stores Ledger Control A/c	1,44,000
To Stores Ledger Control A/c	2,88,000	By Costing P/L A/c (Balancing figures being Cost of finished goods)	7,20,000
To Wages Control A/c	1,08,000	By Balance c/d	72,000
To Overheads Control A/c	4,32,000		
	9,36,000		9,36,000

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

Particulars	(Rs.)	Particulars	(Rs.)
To Stores Ledger Control A/c	36,000	By Work in Process A/c	4,32,000
To Stores Ledger Control A/c	10,800	By Balance c/d (Under absorption)	82,800
To Wages Control A/c (Rs. 1,26,000 - Rs. 1,08,000)	18,000		
To Gen. Ledger Adjust. A/c	4,50,000		
	5,14,800		5,14,800

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

Particulars	(Rs.)	Particulars	(Rs.)
To Work in progress	7,20,000	By General Ledger Adjustment A/c (Sales) (Rs. 7,20,000 × 115%)	8,28,000
To General Ledger Adjustment A/c (Profit)	1,08,000		
	8,28,000		8,28,000

PROBLEM NO: 24

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	5,04,000		
	10,92,000		10,92,000

* alternatively it can be assumed abnormal.

Dr. **Costing P&L A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To WIP 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	1,89,000	By Closing Stock :		
To Purchases		3,36,000	Stores	1,76,400	
To Wages		1,47,000	WIP	84,000	2,60,400
To Overheads		5,25,000	By Loss		33,600
To Loss on sale of fixed Assets		42,000			
		12,39,000			12,39,000

Reconciliation Statement.

Particulars	Rs.	Rs.
Profit as per cost A/c's		84,000
Add :- Income from investments		21,000
		1,05,000
Less :- 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

PROBLEM NO: 25

Dr. Stores Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	15,000	By WIP Control A/c	80,000
To Purchases/GLA	80,000	By overheads control A/c	10,000
To WIP Control A/c	40,000	By General ledger Adjustment A/c	5,000
		By overheads control A/c (Shortage) assumed as abnormal	3,000
		By balance C/d	37,000
	1,35,000		1,35,000

Dr. Wages Control A/c		Cr	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General ledger Adjustment A/c	35,000	By WIP Control A/c	30,000
		By Overheads Control A/c	5,000
	35,000		35,000

Dr. Overhead control A/c		Cr	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Materials Control A/c	10,000	By WIP Control A/c	1,20,000
To Stores ledger Control A/c	3,000	By Balance C/d	23,000
To GLA A/c	1,25,000		
To Wages Control A/c	5,000		
	1,43,000		1,43,000

Dr. WIP Control A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stores Control A/c	80,000	By Stores Control A/c	40,000
To Opening WIP A/c/Bal b/d	30,000	By Finished goods A/c	2,00,000
To Wages Control A/c	30,000	By balance C/d	20,000
To Overhead Control A/c	1,20,000		
	2,60,000		2,60,000

Statement of Profit Per Cost Records.

Particulars	Amount (Rs.)
Direct Materials Cost	40,000
Direct Wages	30,000
Prime Cost	70,000
Factory Overheads	1,20,000
Works Cost	1,90,000
(+) Opening WIP	30,000
(-) Closing WIP	(20,000)
Cost of finished Goods	2,00,000
Profit @ 10% of cost	20,000
Sales	2,20,000

Dr. Profit and Loss A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Materials Consumed (Opening Stock+ Purchases-Sold as special case of cost)	90,000	By Sales	2,20,000
To Opening WIP	30,000	By Closing WIP	20,000
To Wages	35,000	By Closing Stores	37,000
To Overheads	1,25,000	By Net Loss	3,000
	2,80,000		2,80,000

Reconciliation Statement

Particulars	Amount (Rs.)
Profit / (Loss) as per financial A/c's	(3,000)
(+) Overheads over Absorbed in cost A/c's	23,000
Net Profit as per cost A/c's	20,000

*alternatively shortages can also be treated as abnormal and charged to P&L A/c Accordingly the solution differs.

PROBLEM NO: 26

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
Add : Income from investments		4,00,000
		23,06,560
Less : 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: 27

A. Costing books:

Dr. **Stores Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	32,000	By W.I.P. Control A/c	1,60,000
To General ledger adjustment A/c	1,58,000	By Work overhead control A/c	20,000
To Work in progress control A/c	80,000	By Costing Profit and Loss A/c	6,000
		By Balance c/d	84,000
	2,70,000		2,70,000

Dr. **W.I.P. Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Balance b/d	60,000	By Stores control A/c	80,000
To Stores control A/c	1,60,000	By Costing profit and loss A/c (Cost of sales)	4,00,000
To Direct wages control A/c	65,000		
To Works overhead control A/c	2,40,000	By Balance c/d	45,000
	5,25,000		5,25,000

Dr. **Works Overhead Control Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To General ledger adjustment A/c	2,50,000	By W.I.P. Control A/c	2,40,000
To Store ledger control A/c	20,000	By Costing profit & loss A/c (under recovery)	30,000
	2,70,000		2,70,000

Dr. **Costing Profit & Loss Account** Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To W.I.P. control A/c (Cost of sales)	4,00,000	By General ledger adjustment A/c	
To Works overhead control A/c	30,000	Cost of sales 4,00,000	
To Stores control A/c (shortage)	6,000	10% profit 40,000	4,40,000
To Profit	4,000		
	4,40,000		4,40,000

B. Financial Books

Dr.

Profit & Loss Account

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening stock		By Sales	4,40,000
Stores 32,000		By Closing stock:	
W.I.P. 60,000	92,000	Stores 84,000	
		W.I.P. 45,000	1,29,000
To Purchases	1,58,000	By Income from investment	10,000
To Wages incurred	70,000	By Loss	11,000
To Overheads incurred	2,50,000		
To Loss on sale of capital assets	20,000		
	5,90,000		5,90,000

Reconciliation statement

Particulars	(Rs.)	(Rs.)
Profit as per Cost Accounts		4,000
Add: Income from investment recorded in Financial accounts		10,000
		14,000
Less: Under absorption of wages in Cost accounts	5,000	
Loss on sales of capital asset only included in Financial accounts	20,000	25,000
Loss as per Financial accounts		11,000

THE END