

Integrated and Non- Integrated Accounts

Questions

Q.1 You are given the following information of the cost department of a manufacturing company.

Stores:

	Rs.
Opening Balance	12, 60,000
Purchases	67, 20,000
Transfer from work-in-progress	33, 60,000
Issue to work-in-progress	67, 20,000
Issue to repairs and maintenance	8, 40,000
Shortage found in stock taking	2, 52,000

Work- in – Progress:

Opening Balance	25, 20,000
Direct wages applied	25, 20,000
Overhead applied	90, 08,000
Closing Balance	15, 20,000

Finished products:

Entire output is sold at a profit of 12% on actual cost from work-in-progress.

Other information

	Rs.
Wages incurred	29, 40,000
Overhead incurred	95, 50,000
Income for Investment	4, 00,000
Loss on sale of fixed assets	8, 40,000

Shortage in stock taking is treated as normal loss.

You are required to prepare:

- (i) Stores control account;
- (ii) Work-in-progress control account;
- (iii) Costing Profit and Loss account;
- (iv) Profit and Loss account and
- (v) Reconciliation statement

Q.2 Journalise the following transactions assuming cost and financial accounts are integrated:

	Rs.
(i) Materials issued:	
Direct	3, 25,000
Indirect	1, 15,000
(ii) Allocation of wages (25% indirect)	6, 50,000
(iii) Under/Over absorbed overheads:	
Factory (Over)	2, 50,000
Administration (Under)	1, 75,000
(iv) Payment to Sundry Creditors	1, 50,000
(v) Collection from Sundry Debtors	2, 00,000

Q.3 Following information have been extracted from the cost records of XYZ Pvt. Ltd:

Store:	Rs.
• Opening Balance	54,000
• Purchases	2,88,000
• Transfer from WIP	1,44,000
• Issue to WIP	2,88,000
• Issue for repairs	36,000
• Deficiency found in stock	10,800
Work-in-Progress:	Rs.
• Opening balance	1,08,000
• Direct wages applied	1,08,000
• Overheads charged	4,32,000
• Closing balance	72,000
Finished Production:	
• Entire production is sold at a profit of 15% on cost at WIP	

- Wages paid 1,26,000
- Overheads incurred 4,50,000

Draw the Stores Ledger Control Account, Work-in-Progress Control Account, Overheads Control Account and Costing profit and Loss account.

Q.4 The Following information is available from a company's records for March, 2016:

(a) Opening Balance of Creditors Account	Rs.2, 5,000
(b) Closing Balance of Creditors Account	Rs.40, 000
(c) Payment made to Creditors	Rs.5, 80,000
(d) Opening Balance of Stores Ledger Control Account	Rs.40, 000
(e) Closing Balance of Stores Ledger Control Account	Rs.65, 000
(f) Wages paid (for 8000 hours) 20% relate to indirect workers	Rs.4, 00,000
(g) Various indirect expenses incurred	Rs.60, 000
(h) Opening balance of WIP control account	Rs.50, 000
(i) Inventory of WIP at the end of the month includes material worth	Rs.35, 000

On which 400 labor hours have been booked.

(j) Factory overhead is charged to production at budgeted rate based on direct labor hours.

(k) Budgeted overhead cost is Rs. 20, 80,000 for budgeted direct labour hours of 1, 04,000.

You are required to prepare Creditors A/c, Stores Ledger Control A/c, WIP Control A/c, Wages Control A/c and Factory Overhead Control A/c.

Q.5 The following informations have been extracted from the cost records of JKL Manufacturing Company Ltd.

<u>Stores:</u>	<u>Rs.</u>
Opening Balance	90,000
Purchases	4, 80,000
Transfer from WIP	2, 40,000
Issue of WIP	4, 80,000
Issue of repairs	60,000
Deficiency found in stock	18,000

Work-in- Progress:

Opening Balance	1, 80,000
Direct wages applied	1, 80,000
Overhead charged	7, 20,000
Closing Balance	1, 20,000

Finished Production:

Entire production is sold at a profit of 10% on-

Cost from work-in-progress

Wages Paid	2, 10,000
Overhead Incurred	7, 50,000

Prepare Stores Ledger Control A/c., Work-in-progress Control A/c., Overheads Control A/c and Costing Profit & Loss A/c.

Answer:

Q.1 Ans:

Dr.		Stores Ledger Control A/c.		Cr.
Particulars	Amount (Rs.)	Particular	Amount (Rs.)	
To Balance b/d	12,60,000	By Work-in-progress		
To General ledger	67,20,000	Control A/c	67,20,000	
To Work -in progress	33,60,000	By Overhead control A/c	8,40,000	
Control A/c		By Overhead control A/c	2,52,000	
		(Shortage)		
		By Balance c/d	35,28,000	
	1,13,40,000		1,13,40,000	

Dr.	W.I.P Control A/c		Cr.
Particular	Amount (Rs.)	Particular	Amount (Rs.)
To Balance b/d	25,20,000	By Stores ledger control A/c	33,60,000
To Stores ledger Control A/c	67,20,000	By Costing P & L A/c (Cost of Sales)	1,58,88,000
To Direct wages Control A/c	25,20,000	(Balancing figure)	
To Overhead control A/c	90,08,000	By Balance c/d	15,20,000
	2,07,68,000		2,07,68,000

Dr.

Costing Profit and Loss A/c

Cr.

Particular	Amount (Rs.)	Particular	Amount (Rs.)	Amount (Rs.)
To W.I.P Control A/c	1,58,88,000	By General ledger Adj. A/c:		
To General ledger Adj. A/c (Profit)	19,06,560	Cost of sales	1,58,88,000	
		Add 12% Profit	<u>19,06,560</u>	1,77,94,560
	1,77,94,560			1,77,94,560

Dr.

Financial Profit and Loss A/c

Cr.

Particulars	Amount		Particular	Amount	
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
To opening stock:			By Sales		1,77,94,560
Store	12,60,000		By Income from investment		4,00,000
W.I.P	<u>25,20,000</u>	37,80,000	By Closing stock:		
To Purchase		67,20,000	Store	35,28,000	
To Wages		29,40,000	WIP	<u>12,20,000</u>	50,48,000
To Overhead		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

	Rs.	Rs.
Profit as per Cost Accounts		19,06,560
Add: Income from investment		<u>4,00,000</u>
		23,06,560
Less: Loss on sale of fixed assets	8,40,000	
Under absorption of overheads (working note)	<u>20,54,000</u>	<u>28,94,000</u>
Loss as per Financial Accounts		<u>5,87,440</u>

Working Notes:

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

Particular	Amount (Rs.)	Particular	Amount(Rs.)
To General Ledger Adj. A/c	95,50,000	By W.I.P control A/c.	90,08,000
To Stores Ledger Control A/c	2,52,000	By Balance c/d	20,54,000
To Stores ledger control A/c	8,40,000	(under absorption of over – heads)	
To Wages control A/c	4,20,000		
Indirect wages (Rs. 29,40,000 – 25,20,000)			
	1,10,62,000		1,10,62,000

Q.2 Ans:

	Particulars	L. F.	Dr.	Cr.
(i)	Work in Progress Control A/c Dr. Factory Overheads Control A/c Dr. To Raw Material Control A/c (Being raw materials issued for direct and indirect purposes)		3,25,000 1,15,000	4,40,000
(ii)	Work in Progress Control A/c Dr. (75% of 6,50,000) Factory Overheads Control A/c Dr. (25% of 6,50,000) To Wages Control A/c (Being direct & indirect wages allocated)		4,87,500 1,62,500	6,50,000
(iii)	Factory Overheads Control A/c Dr. To Costing Profit & Loss (Being over absorbed POH Transferred to P/L)		2,50,000	2,50,000
	Costing Profit & Loss A/c Dr. To Administration Overhead Control A/c (Being AOH under absorbed, transferred to P & L)		1,75,000	1,75,000
(iv)	Sundry Creditors A/c Dr. To Bank A/c (Being payment made to sundry creditors)		1,50,000	1,50,000
(v)	Bank A/c Dr. To Sundry Debtors A/c (Being collections received from sundry debtors)		2,00,000	2,00,000

Q.3 Ans:**Stores Ledger Control A/c**

Particular	(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 Overheads 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)

Work in Progress Control A/c

Particular	(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

Overheads Control A/c

Particular	(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

Costing Profit & Loss A/c

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

Q.4 Ans:**Ledgers Accounts:**

Particular	Rs.	Particular	Rs.
To Bank A/c	5,80,000	By Opening Balance	25,000
To Closing balance	40,000	By Stores ledger control A/c	5,95,000
	6,20,000		6,20,000
Dr.	Creditors A/c		Cr.

Particular	Rs.	Particular	Rs.
To Opening balance	40,000	By WIP Control A/c	5,70,000
To Creditors A/c	5,95,000	By Closing balance	65,000
	6,35,000		6,35,000
Dr.	Stores Ledger Control A/c		Cr.

Particular	Rs.	Particular	Rs.
To Bank	4,00,000	By WIP Control A/c	3,20,000
		By Production OH A/c	80,000
	4,00,000		4,00,000
Dr.	Wages Control A/c		Cr.

Particular	Rs.	Particular	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
To Factory Overhead Control A/c	1,28,000	- Labour (Rs. 50* × 400 hours)	20,000
		- Factory Oh (Rs. 20** × 400 hours)	8,000
	10,68,000		10,68,000
Dr.	Work – in- Progress Control A/c		Cr.

*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

Particular	Rs.	Particular	Rs.
To Wages control A/c	80,000	By Work Process A/c	1,28,000
To Bank A/c	60,000	By Balance c/d	12,000
	1,40,000		1,40,000

Dr.

Factory Overheads Control A/c

Cr.

Q.5 Ans:

Particular	Rs.	Particular	Rs.
To Balance b/d	90,000	By WIP Ledger Control A/c	4,80,000
To GLA A/c	4,80,000	By Works OH Control A/c	60,000
To WIP Ledger Control A/c	2,40,000	By Costing P & L A/c	18,000
		By Balance c/d	2,52,000
	8,10,000		8,10,000

Stores Ledger Control A/c

WIP Ledger Control A/c

Particular	Rs.	Particular	Rs.
To Balance b/d	1,80,000	By Stores Ledger Control A/c	2,40,000
To Stores Ledger Control A/c	4,80,000	By Costing P/L A/c	12,00,000
		(Balance figures being Cost of finished goods)	
		By balance c/d	1,20,000
To Wages Control A/c	1,80,000		
To Works OH Control A/c	7,20,000		
	15,60,000		15,60,000

Overheads Control A/c

Particular	Rs.	Particular	Rs.
To Stores Ledger Control A/c	60,000	By Work in Process A/c	7,20,000
To Stores Ledger Control A/c	18,000	By Balance c/d* (Under absorption)	1,38,000
To Wages Control A/c (Rs. 2,10,000 – Rs. 1,80,000)	30,000		
To Gen. Ledger Adjust. A/c	7,50,000		
	8,58,000		8,58,000

*Alternatively may be transferred to costing P & L A/c

Costing Profit & Loss A/c

Particular	Rs.	Particular	Rs.
To Work in progress	12,00,000	By Gen. Ledger Adjust. A/c	13,20,000
To Gen. Ledger Adjust. A/c (Profit)	1,20,000	Sales (12,00,000 + 1,20,000)	
	13,20,000		13,20,000

General Ledger Adjustment A/c may also be written as Cost Ledger Control A/c.