

INTEGRATED & NON INTEGRATED SYSTEM OF ACCOUNTING
STATEMENT OF COST ANALYSIS FOR THE MONTH OF APRIL
20

particulars	AMT ₹	P = TOTAL	S = PER UNIT
① Raw materials consumed: - JLC			
opening stock of raw material			
(+) Purchase	xx		
(+) carriage inward	xx		
(+) GST/Custom	xx		
	xx		
(-) closing stock of raw material	(xx)		
(-) Returns	(xx)		
(-) sale of scrap of raw material	(xx)	xxx	xx
② Direct labour / wages - wage control		xxx	xx
Direct expenses		xxx	xx
PRIME COST		xxx	xx
③ Add:- factory overhead - ^{factory} OH control A/c		xxx	
④ Add:- opening stock of WIP } WIP control A/c		xxx	
less:- closing stock of WIP } control A/c		(xxx)	
less:- sale of scrap		(xxx)	
WORKS COST		xxx	xx
⑤ Add:- office / Administration overheads - ^{office} OH control A/c		xxx	xx
COST OF PRODUCTION		xxx	xx
⑥ Add:- opening stock of finished stock - ^{finished goods} control A/c		xxx	
less:- closing stock of finished stock		(xxx)	
⑦ COST OF GOODS SOLD - ^{cost of goods sold} control A/c		xxx	xx
⑧ Add:- selling & distribution overheads - ^{selling & distribution} OH control A/c		xxx	xx
⑨ COST OF SALES / TOTAL COST - ^{cost of sales} A/c		xxx	xx
⑩ Add:- profit costing P&L A/c		xxx	xx
⑪ SALES - ^{sales} A/c		xxx	xxx

③ Purchase of material for immediate repair work

④ Purchase of special mat for direct use in a job or spec. (issue of mat by suppliers to producing sections)

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JOURNAL ENTRY

TRANSACTION	JOURNAL ENTRY	
① Purchase of raw material	Purchase A/c To creditor's A/c	DR
② wages paid	wages A/c To cash A/c	DR
③ factory overheads incurred	factory overheads A/c To cash/bank A/c	DR
④ office overheads incurred	office overheads A/c To cash/bank A/c	DR
⑤ selling & distribution overheads incurred	selling & distribution overheads A/c To cash/bank A/c	DR
⑥ raw material applied to production	raw material	
⑦ raw material applied in factory (transferred/absorbed)		
⑧ material lost having no scrap value (damaged)	costing Part A/c	DR

factory overheads control A/c
To M/LA
To crs.
To cash.
WIP control A/c
To M/LA
To crs.
To cash.

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NON INTEGRATED	INTEGRATED
stores ledger control A/c To general ledger Adjustment A/c/ cost ledger control A/c	DR purchase/stores ledger control TO creditor's A/c
wage control A/c To general ledger Adjustment A/c.	DR wage control A/c TO cash A/c
factory overheads control A/c To M/LA	DR factory overheads control A/c TO cash/bank A/c
office overheads control A/c To M/LA	DR office overheads control A/c TO cash/bank A/c
selling & distribution control A/c To general ledger Adj. A/c	DR selling & distribution control A/c TO cash/bank A/c
WIP control A/c To stores ledger control	DR WIP control A/c TO stores ledger control
factory overheads control A/c To S/LC	DR factory overheads control A/c TO A/c
costing part A/c To A/c	DR profit & loss A/c TO S/LC

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- (9) Adjustment of normal deficiency in stock (on physical stock taking)
- (10) Adjustment of normal surplus found on stock taking

- (9) Material lost or damaged having scrap value
- (10) Material returned to stores.
- (11) wages applied to production [direct]
- (12) wages applied to factory [indirect]
- (13) factory overheads applied to production.
- (14) office overhead transferred to cost of sales.
- (15) selling & distribution overhead added to cost of sales
- (16) sales
- (17) cost of goods produced. (finished goods at cost)
- (18) cost of goods sold.

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factory overheads control A/c Dr
To stores ledger control.

stores ledger control A/c Dr
To factory overheads control.

general ledger Adj. A/c Dr cash/bank A/c Dr
To stores ledger control To stores ledger control

stores ledger control A/c Dr stores ledger control A/c Dr
To WIP To WIP

WIP control A/c Dr WIP control A/c Dr
To wage control A/c To wage control A/c

factory overheads control A/c Dr factory overhead control A/c Dr
To wage control A/c To wage control A/c

WIP control A/c Dr WIP control A/c Dr
To factory overheads ctrl. To factory overheads ctrl.

cost of sales A/c Dr cost of sales A/c Dr
To office overheads ctrl. A/c To office overheads ctrl.

cost of sales A/c Dr cost of sales A/c Dr
To selling & distribution overhead control A/c To selling & distribution overhead control A/c

general ledger Adj. A/c Dr cash/bank A/c/debtors A/c Dr
To sales A/c To sales A/c

finished goods control A/c Dr finished goods control A/c Dr
To WIP control A/c To WIP control A/c

cost of goods sold A/c Dr cost of goods sold A/c Dr
To finished goods control A/c To finished goods control

- ① issue of indirect mat to shop.
- ② Return of direct mat. to store
- ③ Return of indirect mat to store

④ cost of goods sold transferred to cost of sale.

⑤ underabsorption of factory, admin, selling & dist OH

⑥ overabsorption of factory overheads, admin, selling & distribution OH

⑦ Absorption of selling & distribution overheads

⑧ Absorption of factory overheads.

⑨ Absorption of administrative

⑩ Spoiled or defective work: ① taken out of job/ process (abnormal spoilage/wastage)
② scrap taken on stock changes.

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factory overheads ctrl. A/c Dr
To stores ledger control A/c
stores ledger control A/c Dr
To WIP control A/c
stores ledger control A/c Dr
To factory OH cont

cost of sale A/c Dr
To cost of goods sold A/c.

costing P&L A/c Dr
To factory overheads cont.
To office overheads ctrl.
To selling & dist ctrl. A/c.

factory overheads control A/c Dr
office overheads control A/c Dr
selling & dist ctrl. A/c Dr
To costing profit & loss A/c

cost of sales A/c Dr
To selling & distribution OH control A/c

WIP control A/c Dr
To factory overheads control

finished goods control A/c Dr
To administrative OH control A/c.

costing P&L A/c Dr
To WIP control.

stores ledger control A/c Dr
To WIP control

factory overheads ctrl. A/c Dr
To stores ledger control A/c
stores ledger ctrl. Dr
To factory OH control.

cost of sale A/c Dr
To cost of goods sold A/c.

profit & loss A/c Dr
To factory overheads ctrl.
To office overheads ctrl.
To selling & distribution OH ctrl.

factory overheads control A/c Dr
admin office overheads ctrl. Dr
selling & distribution ctrl. A/c Dr
To profit & loss A/c

cost of sales A/c Dr
To selling & dist. OH cont

WIP control A/c Dr
To factory overheads ctrl.

finished goods control A/c Dr
To administrative OH control A/c.

costing P&L A/c Dr
To WIP control.

stores ledger control A/c Dr
To WIP control.

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26 Depreciation on asset

Q.1 Non integrated:-

The following ledger A/c in the order needs to be prepared:-

- ① stores ledger control A/c * 6 to 8 lines
- ② wage control A/c 4 lines
- ③ factory overheads control A/c 4 lines
- ④ work-in-progress control A/c * 6 lines
- ⑤ office & administration overhead control A/c 4 lines
- ⑥ finished goods control A/c * 4 lines
- ⑦ cost of goods sold control A/c 2 lines
- ⑧ selling & distribution overheads control A/c 2 lines
- ⑨ cost of sales A/c 2 lines
- ⑩ costing Profit & loss A/c 4 lines
- ⑪ sales A/c 2 lines
- ⑫ general ledger adjustment A/c * 8 to 10 lines

* - These four accounts will have closing balance, along with this any other ledger A/c having opening bal. given in the question may have closing balance.

Q.1 You are required to pass journal entry under

OPERATING COSTING

operating costing is a method used to ascertain the cost of providing a service such as transport, hotel, hospital, gas or electricity. It refers to the cost of undertakings which do not manufacture any product but which provides service. It is also known as 'service costing.'

PROFORMA OF COST SHEET

Cost sheet for (Month/year)

VEHICLE NO.

CARRIAGE CAPACITY

DAYS OPERATED :-

Step	Costs	Amte	Amte
A.	FIXED COST.		
	Insurance		
	Licence fee, permit fee or Taxes.		
	Depreciation		
	Other fixed costs (specify)		
B.	VARIABLE COSTS:		
	Salaries or wages of drivers or cleaners or other operating staff		
	Fuel or Lubricants		
	Consumables		
	Amortized cost of Tyre, tube or battery sparer.		
	Spares		
	Repairs or Maintenance		
	Other variable cost (specify)		
C.	TOTAL OPERATION COSTS (A+B)		
D.	PROFIT / LOSS.		

E. REVENUE [TAKINGS]

service industries
 passenger transport
 goods transport
 road maintenance

simple cost unit
 per kilometre
 per kilometre
 per k.m of road
 maintained

water supply

per kilolitre of kilolitre
 of water supplied
 per meal / dish.

canteen

service industries
 passenger transport
 goods transport
 electricity

composite cost unit
 per passenger per km
 per tonne - per km
 per kw - hour
 per k.g / cubic ft.
 per patient - day
 per member - book.

steam / gas
 hospital
 library

Cost sheet for hotels

cost sheet for (Month/year)

particulars	Am't	Am't
salaries to staff		xx
Room attendant wages		xx
Repairs & renovation		xx
Lighting & Heating		xx
Power		xx
Water		xx
interior decoration		xx
sundries		xx
<u>Depreciation:-</u>		
Buildings	xx	
Furniture	xx	
A/c conditioners	xx	xx
premises rent		xx
other Administration exp.		xx
Interest on Investment		xx
<u>Total operating cost (i)</u>		xx
= No. of room days		xx
cost per room per day (i) ÷ (ii)		xx

PROCESS COSTING

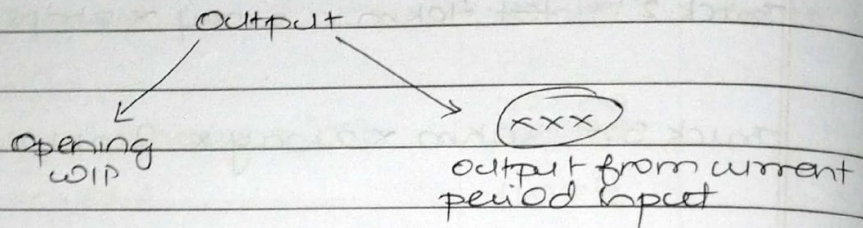
* Equivalent production:-

steps to solve the problem:-

Step 1:- prepare dummy process A/c (Qty only)

particulars	Qty	particulars	Qty
To opening WIP	xx	By Normal loss	xx
To Input	xx	By sale of scrap.	xx
To Abnormal gain	xx	By output	xx
		By Abnormal loss	xx
	<u>xx</u>		<u>xx</u>

Step 2:-



Step 3:- statement of equivalent quantity:

particulars	Material	labour	overheads
① opening stock of WIP:			
Material: Qty x % to be completed.	xxx		
labour: Qty x % to be completed		xxx	
overheads Qty x % to be completed			xxx
② output from current period input. (Always 100% as per step 2)	xxx	xxx	xx
③ <u>Abnormal loss.</u>			
Material: Qty x % completed	xxx		
labour: Qty x % completed.		xxx	

labour: Qty x % completed			xxx
(4) <u>abnormal gain</u>			
Material: Qty x % completed			
on absence of information, abnormal loss/gain shall be taken	(xxx)		
labour: Qty x % completed		(xxx)	
overheads: Qty x % completed			(xxx)
(5) <u>closing stock of WIP</u>			
Material: Qty x % completed	xxx		
labour: Qty x % completed		xxx	
overheads: Qty x % completed			xxx
Total Equivalent quantity	xxx	xxx	xxx

Step 4: Statement of equivalent cost per unit.

particulars	Material	labour	Overheads
cost incurred (given)	xxx	xxx	xxx
(-) sale of scrap (Qty x rate)	xx	xx	xx
Total equivalent cost	xxx	xxx	xxx
÷ By equivalent quantity	xxx	xxx	xxx
As per step 3			
Equivalent cost per unit	xxx	xxx	xxx

Total equivalent cost per unit: xxx

Step 5: - Statement of valuation of finished goods, closing WIP, abnormal loss or abnormal gain.

(1) <u>value of finished goods:</u>			
opening stock of WIP (given)	xxx		xxx
(+) value of opening WIP completed in the current process.			

Material = step 3 x step 4 =	xx	
labour = step 3 x step 4	xx	
overheads = step 3 x step 4	xx	
	<hr/>	xx
		<hr/>
		xxx

value of output from current period input (step 3 x step 4)

xxx

value of finished goods.

xxx

② value of abnormal loss/gain. (step 3 x step 4)

xxx

③ closing WIP :-

Material : step 3 x step 4	xxx	
labour : step 3 x step 4	xxx	
overhead : step 3 x step 4	xxx	
	<hr/>	xxx
		<hr/>
		xxx

Step 6 :- prepare process a/c which should tally itself

if equivalent cost per unit are recurring or in decimals then, you need to round off the value of finished goods or closing WIP).

Process A/c				cr			
particulars:	Qty	Rate	Amt/E	particulars	Qty	Rate	Amt/E
To opening				By Normal loss	XX		
Stock of WIP	XX	XX	XXX	By sale of scrap	XX	XX	XXX
To material	XX	XX	XXX	By output/			
To labour			XXX	finished goods			
To overheads			XXX	Tof to next			
To other				process	XX	XX	XXX
material cost			XXX	By Abnormal loss	XX	XX	XXX
To Abnormal gain	XX	XX	XXX				
	XX	XX	XXX		XX	XX	XXX