

VIVEKANANDA COLLEGE THAKURPUKUR KOLKATA-700063

NAAC ACCREDITED 'A' GRADE



Topic:Cost Book-Keeping

Course Title:B.Com

Paper:Cost&Mgt.Accounting-1

Unit:05

Semester:2nd

Name of the Teacher:Jayanta Majumder

Name of the Department:Commerce

Necessary Journal Entries for Cost Control Accounts

| Transactions | Journal Entries |
|--|---|
| A. Material | |
| (i) Purchase of Stores | Stores/Materials Ledger Control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c |
| (ii) Carriage Inward on Purchase of store | Same |
| (iii) Purchase of stores for special job | W.I.P. Ledger Control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c |
| (iv) Return of Stores | Cost/General/Financial Ledger Control/Adjustment A/c Dr. To Stores/Materials Ledger Control A/c |
| (v) Material issued to Production | W.I.P. Ledger Control A/c Dr. To Stores/Materials Ledger Control A/c |
| (vi) Stores issued for maintenance/ repaires/Indirect Material | Production/Works Overhead Control A/c Dr. To Stores/Materials Ledger Control A/c |
| (vii) Stores issued to Administration office. | Administration Overhead Control A/c .. Dr. To Stores/Materials Ledger Control A/c |
| (viii) Stores issued to Selling Dept. | Selling & Distribution Overhead Control A/c Dr. To Stores/Materials Ledger Control A/c |
| (ix) Stores return from job to stores | Stores/Materials Ledger Control A/c Dr. To Work-in-progress Ledger Control A/c |
| (x) Abnormal Loss of Material | Abnormal Loss A/c Dr. To Stores/Materials Ledger Control A/c |
| B. Labour : | |
| (i) Total wages paid | Wages Clearance/Control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c |
| (ii) Direct Wages | W.I.P Ledger Control A/c Dr. To Wages Clearance/Control A/c |
| (iii) Indirect Factory Wages | Production/Works Overhead Control A/c Dr. To Wages clearance/Control A/c |
| (iv) Salary to Administration Staff paid | Administration Overhead Control A/c ... Dr. To Wages Clearance/Control A/c |
| (v) Salary to Sales and Distribution Staff paid | Selling & Distribution Overhead Control A/c Dr. To Wages Clearance/Control A/c |
| (vi) Abnormal Idle Time | Abnormal Loss A/c Dr. To Wages Clearance/Control A/c |
| C. Direct Expenses | |
| Sub-contract charges, Direct Expenses | W.I.P. Ledger Control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c |
| D. Rabate/Discount | |
| Discount on Special purchase/Sub contract rebates/special purchase rebate | Cost/General/Financial Ledger Control/Adjustment A/c Dr. To W.I.P. Ledger Control A/c |

| Transactions | Journal Entries |
|--|---|
| E. Overhead (i) Production expenses paid/carriage Inward on stores issued for production (ii) Administration expenses paid (iii) Selling and Distribution expenses paid | Production/Works Overhead Control A/c ... Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c Administrative Overhead Control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c Selling & Distribution overhead control A/c Dr. To Cost/General/Financial Ledger Control/ Adjustment A/c |
| F. Absorption of overhead (i) Absorption of Production overhead (ii) Absorption of Administrative Overhead (iii) Absorption of Selling & Distribution Overhead | W.I.P Ledger Control A/c Dr. To Production/works Overhead Control A/c Finished Goods Ledger Control A/c Dr. To Administrative Overhead Control A/c Cost of Sales A/c Dr. To Selling & Distribution Overhead Control A/c |
| G. Under absorption of overhead (i) Production (ii) Administration (iii) Selling and Distribution | Overhead Adjustment/Suspense A/c Dr. To Production/Works Overhead Control A/c Overhead Adjustment/Suspense A/c Dr. To Administrative Overhead Control A/c Overhead Adjustment/Suspense A/c Dr. To Selling & Distribution Overhead Control A/c |
| H. Over absorption of Overhead (i) Production (ii) Administration (iii) Selling and Distribution | Production/works Overhead Control A/c Dr. To Overhead Adjustment/Suspense A/c Administration Overhead Control A/c Dr. To Overhead Adjustment/Suspense A/c Selling & Distribution Overhead Control A/c ... Dr. To Overhead Adjustment/Suspense A/c |
| I. Profit / Loss on Overhead Absorptions (i) Profit for Overhead Absorption (ii) Loss for Overhead Absorption | Overhead Adjustment/Suspense A/c Dr. To Costing Profit & Loss A/c Costing Profit & Loss A/c Dr. To Overhead Adjustment/Suspense A/c |
| J. Cost of Goods Finished Goods finished during the year | Finished Goods Ledger Control A/c Dr. To W.I.P. Ledger Control A/c |
| K. Cost of Production of Goods sold Finished goods sold | Cost of Sales A/c Dr. To Finished Goods Ledger Control A/c |
| L. Total cost of goods sold | Sales/Costing Profit & Loss A/c Dr. To Cost of Sales A/c |
| M. Abnormal Loss (i) Adjustment of Total Abnormal Loss | Costing Profit & Loss A/c Dr. To Abnormal Loss A/c |

(ii) Insurance claim recovered

Cost/General/Financial Ledger/Control/Adjustment
A/c Dr.
To Abnormal Loss A/c

N. Sales

Finished goods sold

Cost/General/Financial Ledger Control/Adjustment
A/c Dr.
To Sales/Costing Profit & Loss A/c

O. Profit / Loss

(i) Profit transferred

Costing Profit & Loss A/c Dr.
To Cost/General/Financial Ledger Control/
Adjustment A/c

(ii) Loss transferred

Cost/General/Financial Ledger Control/Adjustment
A/c Dr.
To Costing Profit & Loss A/c

P. Notional Items

Notional Rent/Notional Interest on
Owned Capital

Production/Works Overhead Control A/c Dr.
To Costing Profit & Loss A/c

1. Assuming non-integrated accounting system, pass journal entries in the cost books for the following transaction:

(i) Issue of materials: Direct ₹5,00,000
Indirect ₹1,00,000

(ii) Allocation of wages and salaries:
Direct labour ₹1,20,000
Indirect Factory labour ₹40,000
Salaries to office staff ₹90,000

(iii) Over-absorption of Factory Overheads ₹10,000.

[2006]

COST BOOK-KEEPING

006

2006

Journal Entries in the Cost Books (Non-Integrated System)

| Date | Particulars. | L.F | Debit (₹) | Credit (₹) |
|------|--|-----|------------------------------|---------------|
| i) | WIP Ledger Control a/c ————— Dr. Factory OH Control a/c ————— Dr. To Stores Led. Control a/c (Being issue of direct & indirect material) | | 5,00,000 1,00,000 | 6,00,000 |
| ii) | WIP Ledger Control a/c ————— Dr. Factory OH Control a/c ————— Dr. office & Adm. OH Control a/c ————— Dr. To wages ledger Control a/c (Being allocation of direct & indirect wages) | | 1,20,000 40,000 90,000 | 2,50,000 |
| iii) | Factory OH Control a/c ————— Dr. To Costing Profit & Loss a/c (Being over absorption of F.OH transferred to Costing P/L) | | 10,000 | 10,000 |

Pass Journal entries in the cost books (non-integrated system) for the following transactions:

- (i) Materials worth ₹ 25,000 returned to the stores from the job.
- (ii) Gross total wages paid ₹ 48,000. Employer's contribution to P.F. and State Insurance amounts to ₹ 2,000. Wages analysis book detailed ₹ 20,000 towards direct labour, ₹ 12,000 towards indirect factory labour, ₹ 10,000 towards salaries to office staff and ₹ 8,000 for salaries to selling & distribution staff.

[2011]

| 2011 Journal Entries in the Cost Books (Non-Integrated System) | | | | |
|--|---|------|-------------------------------------|---------------|
| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
| i) | Stores Ledger Control a/c ———— Dr To WIP Led. Control a/c. (Being, materials returned to stores for job) | | 25,000 | 25,000 |
| ii) | Wages Led. Control a/c ———— Dr, (48,000 + 2,000) To General Led. Adjustments a/c (Being, Exp. on account of wages) | | 50,000 | 50,000 |
| | WIP Led. Control ———— & Factory oh Control ———— & Office & Gen. oh Control ———— & Selling & Distribution oh Control ———— & To wages led Control a/c (Being, allocation of direct & indirect wages) | | 20,000 12,000 10,000 8,000 | 50,000 |

Pass necessary journal entries in cost records for the following :

- Materials (direct) amounting to ₹ 42,000 are issued to production
- Depreciation of factory equipment ₹ 9,600
- Goods completed and transferred to finished stock ₹ 72,000
- Factory overhead incurred ₹ 15,000 (of which ₹ 3,000 left unpaid)
- Office overhead recovered ₹ 16,000.

[2016]

2016 Journal Entries in Cost Books.

| DATE | Particulars | L.F | Debit (₹) | Credit (₹) |
|------|---|-----|--------------|---------------|
| a) | WIP led. Control — Dr To Stores led. Control a/c (Being, D. Mat issued to prodn) | | 42,000 | 42,000 |
| b) | Factory oh Control a/c — Dr To Gen. led. Adjunct a/c (Being, Dep'n on Factory Equipment) | | 9,600 | 9,600 |
| c) | Finished Stock Control — Dr To WIP led. Control a/c (Being goods completed and transferred to Fin. Stock a/c) | | 72,000 | 72,000 |
| d) | Factory oh Control — Dr To General led. Adjunct. a/c (Being, F. oh incurred) | | 15,000 | 15,000 |
| | Finished Stock Control — Dr To office & Adm. oh Control a/c (Being the office oh recovered) | | 16,000 | 16,000 |

From the following information, prepare the necessary ledger accounts in the cost-ledger:

| | Opening Balance | Closing Balance |
|---|-----------------|-----------------|
| | ₹ | ₹ |
| Store-ledger control A/c | 20,000 | 25,000 |
| Work-in-progress control A/c | 14,000 | 18,500 |
| Finished stock control A/c | 16,500 | 17,500 |
| Following transactions took place during the period : | | |
| Materials purchased | — ₹ 47,500 | |
| Direct wages paid | — ₹ 25,000 | |
| Overhead incurred | — ₹ 12,500 | |
| Overhead recovered | — ₹ 17,000 | |
| Sales | — ₹ 80,000 | |

[2014]

| <u>Cost Ledger</u> | | | |
|--|-----------------------------|--|--|
| General Led. Adjustments | | | |
| <p>2014</p> <p>To Costing P/L — Sales</p> | 80,000 | <p>By Bal. b/d (20,000 + 14,000 + 16,500)</p> <p>By Stores Led. Control a/c</p> <p>By Wages Led. Control a/c</p> <p>By F.O.H Control a/c</p> <p>By Costing P/L — Net Profit Transferred.</p> | <p>50,500</p> <p>47,500</p> <p>25,000</p> <p>12,500</p> <p>5,500</p> <hr/> <p>1,41,000</p> |
| <p>To Bal. c/d (25,000 + 18,500 + 17,500)</p> | 61,000 | | <hr/> <p>1,41,000</p> |
| Stores Led. Control a/c | | | |
| <p>To Bal. b/d</p> <p>By Gen. Led. Adjustments</p> | <p>20,000</p> <p>47,500</p> | <p>By W.I.P Led. Control a/c — Net incurred — Bal. f/c</p> <p>By Bal. c/d</p> | <p>42,500</p> <p>25,000</p> <hr/> <p>67,500</p> |
| | 67,500 | | 67,500 |

| | | | |
|------------------------|--------------|---------------------------|-------|
| Wages led. Control a/c | | | |
| Dr | | | |
| To Gen. led. Adjmt a/c | 25,00 | By W.I.P led. Control a/c | 25,00 |
| | <u>25,00</u> | | |

| | | | |
|---------------------------|--------------|------------------------------|--------------|
| WIP led. Control a/c | | | |
| Dr | | | |
| To Bal. b/d | 14,00 | By F. stock led. Control a/c | |
| " Stores led. Control a/c | 42,50 | - Cost of F. gms (Bal. F.S) | 80,00 |
| " Wages led. Control a/c | 25,00 | | |
| " F. oh Control a/c | 17,00 | By Bal. c/d | 18,50 |
| | <u>98,50</u> | | <u>98,50</u> |

| | | | |
|-------------------------------|--------------|-------------------------|--------------|
| Factory oh Control a/c | | | |
| Dr | | | |
| To Gen. led Adjmt a/c | 12,50 | By WIP led. Control a/c | 17,00 |
| " Costing P/L - overabsorbed. | 4,50 | | |
| | <u>17,00</u> | | <u>17,00</u> |

| | | | |
|----------------------------|--------------|------------------------------------|--------------|
| Finished stock Control a/c | | | |
| Dr | | | |
| To Bal b/d | 16,50 | By Cost of Sales led. Control a/c. | 79,00 |
| " WIP led. Control a/c | 80,00 | " Bal. c/d. | 17,50 |
| | <u>96,50</u> | | <u>96,50</u> |

| | | | |
|---------------------------------|--------------|--------------------|--------------|
| Cost of Sales led. Control a/c. | | | |
| Dr | | | |
| To Finished stock Control a/c | 79,00 | By Costing P/L a/c | 79,00 |
| | <u>79,00</u> | | <u>79,00</u> |

| | | | |
|-------------------------------------|--------------|-----------------------------------|--------------|
| Costing P/L a/c | | | |
| Dr | | | |
| To Cost of Sales led. Control a/c | 79,00 | By Factory oh Control a/c | |
| | | - Overabsorption of F. oh | 4,50 |
| To Gen. led. Adjmt a/c - Net Profit | 5,50 | " General led. Adjmt a/c - Sales. | 80,00 |
| | <u>84,50</u> | | <u>84,50</u> |

From the following information, prepare necessary accounts in the cost ledger :

| | Opening Balance | Closing Balance | |
|--|-----------------|-----------------|---------------|
| | ₹ | ₹ | H.W [2007] |
| Work-in-progress | 3,800 | 2,500 | |
| Materials | 22,000 | 15,000 | |
| Finished stock | 17,000 | 32,000 | |
| <i>Transactions during the period :</i> | | | |
| | | | ₹ |
| Materials purchased | | | 58,000 |
| Direct wages | | | 21,000 |
| Electricity charges | | | 20,000 |
| Factory overhead incurred | | | 27,000 |
| Factory overhead applied | | | 26,000 |
| Selling, distribution and administration expenses incurred | | | 28,000 |
| Selling, distribution and administration expenses charged to finished stock sold | | | 29,000 |
| Sales | | | 1,86,000 |