

**CHAPTER-4 RECONCILIATION STATEMENT**

Ans.1.

**M/s Shankar & Co. Ltd.**

**Costing Profit & Loss A/c for the year——**

To Opening Stock of Raw Material	29,000	By Sales	9,12,000
To Purchase of Raw Material	1,87,000		
	2,16,000		
Closing Stock of Raw Material	32,000		
Raw Material Consumed	1,84,000		
To Direct wages	2,98,000		
Prime cost	4,82,000		
To Factory Overheads	1,78,800		
(60% of Direct Wages)	----		
	6,60,800		
- Closing Stock of W.I.P.	12,800		
Factory Cost	6,48,000		
To Administration Overheads	1,08,000		
(9,000 Units X Rs. 12 P.U.)			
Cost of Production	7,56,000	(Rs.84 P.U.)	
- Closing Stock of F.G.	1,17,600	(1400 units Rs.84 P.U.)	
C.O.G.S.	6,38,400		
To S & D Overheads	1,82,400	(20% of Sales)	
Total Cost	8,20,800		
To Net Profit	91,200		
	<b>9,12,000</b>		<b>9,12,000</b>

**Reconciliation Statements**

Particulars	₹	₹
Net Profit as per Financial A/c	----	72,450
<b>Add :</b> 1. Factory overheads under Absorbed in cost A/c	11,950	----
2. Administrative overheads under Absorbed in cost A/c	14,500	----
3. Bad debts not recorded in cost A/c	17,500	43,950
	----	1,16,400
<b>Less :</b> 1. S & D Overheads Over Absorbed in cost A/c	18,400	
2. Interest on Investments Not recorded in cost A/c	6,800	25,200
N.P. As Per cost A/c	----	91,200

<b>Ans.2.</b>	Net Profit As per Financial A/c	64,377	
	<b>Add :</b>		
	1. Works overheads under Recovered in cost A/c	1,560	
	2. Loss due to obs. not recorded in cost A/c	2,850	
	3. Income Tax not recorded in cost A/c	20,150	
	4. Loss due to Depreciation in stock value not recorded in cost A/c	3,375	27,935
			<u>92,312</u>
	<b>Less :</b>		
	1. Administration overheads over Absorbed in cost A/c	850	
	2. Difference in Depreciation	650	
	3. Interest on Investment not recorded in cost A/c	4,000	
	4. Bank Interest & Transfer fees not recorded in cost A/c	375	
	5. Stores Adj.(cr.) not recorded in cost company	237	6,112
	Net Profit as per cost A/c		<u>86,200</u>
<b>Ans.3.</b>	Net Profit as per financial A/c	19,760	
	<b>Add :</b>		
	1. Expenses not recorded in cost A/c	750	
	2. Transfer to General Reserve not recorded in cost A/c	600	
	3. Depreciation not provided in cost A/c	600	
	4. Income tax not recorded in cost A/c	9,000	10,950
			<u>30,710</u>
	<b>Less :</b>		
	1. Overheads over Absorbed in cost A/c	568	
	2. Transfer fees not recorded in cost A/c	28	596
	Net Profit as Per Cost A/c		<u>30,114</u>
<b>Ans.4.</b>	<b>Reconciliation Statement</b>		
	Net Profit As Per Cost A/c		1,50,000
	<b>Add :</b>		
	1. Difference in opening stock of finished goods	2,000	
	2. Difference in closing stock of Raw Materials	1,000	
	3. Dividend received not recorded in cost	1,000	4,000
			<u>1,54,000</u>
	<b>Less :</b>		
	1. Difference in opening stock of Materials	5,000	
	2. Difference in closing stock of finished goods	3,000	
	3. Interest not recorded in cost A/c	10,000	
	4. Preliminary <i>Expense</i> not recorded in cost A/c	500	
	5. Goodwill w/off not recorded in cost A/c	1,500	
	6. Indirect Expense under Abs in cost A/c	4,500	24,500
	N.P As Per Financial A/c		<u>1,29,500</u>

**Ans.5.** Costing Profit & Loss A/c (Production = 63,000, Sales = 60,000)

To Direct Material	27,40,000	By Sales	60,00,000
To Direct Wages	15,10,000		
Prime Cost	42,50,000		
To Factory Overheads (20% on Prime Cost)	8,50,000		
	51,00,000		
- Closing WIP	1,20,000		
Factory Cost	49,80,000		
To Administrative Overheads (62,000 x 6)	3,72,000		
Cost of Production	53,52,000		
- Closing Stock of Finished Goods	1,72,646		
$\left\{ \begin{array}{l} 53,52,000 \\ 62,000 \end{array} \right\} \times 2,000$			
C.O.G.S.	51,79,354		
To S & D Overheads	4,80,000		
Cost of Sales	56,59,354		
To Net Profit	3,40,646		
	<b>60,00,000</b>		<b>60,00,000</b>

**Reconciliation Statement**

Net Profit As per Financial A/c	3,25,600
<b>Add :</b> 1. Administrative Overheads under Absorbed in Cost A/c	10,400
2. Preliminary Expenses not recorded in Cost A/c	42,000
3. Difference in Valuation of Closing Stock of Finished Goods	12,646
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	3,90,646
<b>Less :</b> 1. Factory Overheads over Absorbed in Cost A/c	20,000
2. S & D Overheads over Absorbed in Cost A/c	30,000
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Net Profit as per Cost A/c	<u>3,40,646</u>