

CHAPTER-7 INTEGRAL AND NON - INTEGRAL ACCOUNTS

Ans.1. Dr.

Creditors A/c		Cr.	
	₹	₹	
To Cash & Bank (I)	89,200	By Balance b/d	16,400
To Balance c/d	19,200	By Purchases	92,000
		(Balancing figure)	
	1,08,400		1,08,400

Dr. Work-in-progress A/c		Cr.	
	₹	₹	
To Balance b/d	9,200	By Finished stock	1,51,000
To Raw-materials	53,000	By Balance c/d	
(Balancing figure)		Material : ₹ 5,000	
To Wages (3)	70,000	Labour : ₹ 3,000	
(7,000 hrs. x ₹ 10)		(300 hrs. x ₹ 10)	
To Overheads (4)	28,000	Overheads : ₹ 1,200	9,200
(7,000 hrs. x ₹ 4)		(300 hrs. x ₹ 4)	
	1,60,200		1,60,200

Dr. Raw-materials A/c		Cr.	
	₹	₹	
To Balance b/d	32,000	By Work-in-progress	53,000
To Purchase	92,000	(As above)	
(As above)		By Balance c/d (Balancing Fig.)	71,000
	1,24,000		1,24,000

Dr. Finished Goods A/c		Cr.	
	₹	₹	
To Balance b/d	24,000	By Cost of sales	1,45,000
		(Balancing figure)	
To W.I.P.	1,51,000	By Balance c/d	30,000
(As above)			
	1,75,000		1,75,000

Dr. Manufacturing Overheads A/c		Cr.	
	₹	₹	
To Sundries	29,600	By W.I.P. (Absorbed)	28,000
		(7,000 x ₹ 4)	
		By Under - absorbed	
		Overheads A/c (Balancing Fig.)	1,600
	29,600		29,600

Ans. 2.(a)

Stores Ledger Control Account

	₹		₹
To Balance b/d	25,000	By Work in progress	
To Creditors (or bank)	75,000	Control A/c	30,000
		By Production Overhead	
		Control A/c	4,000
		By Balance c/d	66,000
	1,00,000		1,00,000

(b)

Work-in Progress Control Account

	₹		₹
To Balance b/d	20,000	By Finished Goods	65,000
To Store Ledger Control A/c	30,000	Control A/c	
To Wages Control A/c	20,000	By Balance c/d	40,000
To Production Overhead		(Physical value)	
Control A/c	30,000		
(150% of direct wages)			
To Profit & Loss A/c	5,000		
(Stock Gains)			
	1,05,000		1,05,000

(c)

Finished Goods Control Account

	₹		₹
To Balance b/d	35,000	By Cost of Goods A/c	80,000
To Work in progress Control A/c	65,000	or	
		By Profit & Loss A/c	
		By Balance c/d	20,000
	1,00,000		1,00,000

(d)

Production Overhead Control Account

	₹		₹
To Balance b/d (Prepaid amount)	3,000	By Work-in-Progress	
To Stores Ledger Control A/c	4,000	Control A/c	30,000
To Wages Control A/c		(150% of direct wages)	
Direct Workers 5,000			
Indirect Workers <u>5,000</u>	10,000		
To Bank	12,000		
To Profit & Loss A/c	1,000		
(Overabsorption, balancing figure)			
	30,000		30,000

* Alternatively the over absorbed overhead may be carried forward.

(e)

Profit & Loss Account

	₹		₹
To Finished goods		By Sales A/c	1,00,000
Control A/c		By Production Overhead	
or		Control A/c	1,000
Cost of goods sold A/c	80,000	By Work-in-progress	
To Selling & Distribution	6,000	Control A/c (Stock gain)	5,000
Overheads A/c			
To Balance c/d	20,000		
	1,06,000		1,06,000

Notes :

- (1) Materials transferred between batches will not affect the Control Accounts.
- (2) Non-production time of direct workers is a production overhead and therefore will not be charged to work in progress control A/c.
- (3) Production overheads absorbed in Work in Progress Control A/c will then equal ₹ 30,000 (150% of ₹ 20,000).
- (4) In the Work in Progress Control A/c the excess physical value of stock is taken resulting in stock gain. Stock gain is transferred to Profit & Loss A/c.

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