

III B. Com (CA) - Cost Accounting - 18BCA51C - 5 Sem.

Unit - V Ref. Book:- Cost Accounting - Jain & Narang.

Job costing, Contract Costing - Reconciliation of cost and financial accounts.

Job Costing:- It is that form of specific order costing which applies where the work is undertaken as an identifiable unit.Procedures:-Problem No. 1 / P. NO. IV-6

The following data related to job no. 707.

Direct materials Rs. 4010

Wage :- Dept. A - 60 hours @ Rs. 3 Per hour
B - 40 hours @ Rs. 2 " "
C - 20 hours @ Rs. 5 " "Variable } Dept. A - Rs. 5000 for 5000 hours
Overheads } B - Rs. 3000 for 1500 hours
C - Rs. 2000 for 500 hours

Fixed expenses estimated at Rs. 20,000 for 10000 working hours. Calculate the cost of the job 707, and the price of the job to give a profit of 25% on the selling price. Prepared by Dr. P. BRINDEN Asst. Prof.

Contract Costing: - It is that form of specific order costing which applies where the work is undertaken according to customer's requirements and each order is of long duration as compared to job costing.

Types of contracts: - 1. Fixed Price contracts
2. Cost Plus contracts.

Problem no. 2 / P. NO. IV - 23

The following was the expenditure on a contract for Rs. 6,00,000 commenced in Jan. 2019
Materials Rs. 1,20,000; Wages Rs. 1,64,400;
Plant Rs. 20,000; Business charges Rs. 8,600
Cash received on account to 31st Dec. 2019 amounted to Rs. 2,40,000 being 80% of work certified; the value of materials in hand on 31.12.2019 was Rs. 10,000. Prepare the contract account for showing the profit to be credited to the year's Profit & Loss A/c. Plant is to be depreciated at 10%.

Reconciliation of Cost and Financial Accounts

In concerns, where cost and financial accounts are maintained independent of each other, it is imperative that periodically two accounts are reconciled.

Methods: - 1. By preparing a Reconciliation Statement
2. By preparing a Memorandum Reconciliation Account.

Problem - (3) / P. No. III-32

The profit shown in the financial A/c was Rs. 1,12,870; and in cost A/c = Rs. 27,040.

Examination of the accounts showed the following differences:-

	cost A/c (Rs.)	Financial A/c (Rs.)
Depreciation	98,260	1,05,200
<u>Stock valuation:-</u>		
opening stock	2,75,100	2,55,000
closing stock	1,82,180	1,87,500
Profit on sale of asset	-	8,500
Dividend received	-	26,350
Imputed Rent charges	32,500	-

Reconcile the profit figures.