CMA TEST- 3 (Solution)		
Time Allowed: 50 mint.		Total Marks: 30 Marks

Answer to Question no.1:

1. Integrated Accounting System is the system where cost and financial books are integrated. It is beneficial, the business may decide to adopt the integration accounting system. This system leads to many advantages such as saving in time and cost, avoidance of duplication of work, etc.
2. There should be proper co-ordination between the staff responsible for financial and cost accounting for the purpose of generating correct information and using such information in efficient manner.
3. It should also be decided whether cost and financial books are required to be fully integrated or partially integrated. In case of partical integration, the firm may decide to integrate upto a particular stage, i.e., prime cost, works cost, cost of production, etc.,
4. All accounts must be properly classified and coded for facilitating the understanding and analysis. Such classification and codification is more necessary in those organisations which are having huge volume of transctions and wants to avoid duplication of work.

Answer to Question no.2:

Product A (Deficiency of 30 Units)

1. If the deficiency is due to the reason of not recording the consumption, the accounting treatment is :-

   WIP Ledger Control A/c............Dr. 900
   To Stores Ledger control A/c 900
   (Being the consumption not recorded)
2. If the deficiency is due to Abnormal Loss, the accounting treatment is :-

   Costing P & L A/c............Dr. 900
   To Stores Ledger control A/c 900
   (Being Abnormal Loss recorded)
3. If the deficiency is due to normal Loss, the accounting treatment will be :-

   Works O/H Control A/c............Dr. 900
   To Stores Ledger control A/c 900
   (Being normal Loss recorded)

Product B (Surplus of 10 Units)

1. If the surplus is due to not recording the Purchases, the accounting treatment is :-

   Store Ledger Control A/c............Dr. 200
   To General Ledger Adjustment A/c 200
   (Being the purchase not recorded)
2. If the surplus is due to Abnormal Gain, the accounting treatment is :-

   Store Ledger Control A/c............Dr. 200
   To Costing P & L A/c 200
   (Being abnormal gain recorded)
3. If the surplus is due to Normal Gain, the accounting treatment is :-

   Store Ledger Control A/c............Dr. 200
   To Works O/H Control A/c 200
   (Being normal gain recorded)

Answer to Question no.3:

Costing Profit and Loss Account

Particulars	**Amount (`)**	**Particulars**	**Amount (`)**
To Material consumed	26,80,000	By Sales (50,000 units)	62,00,000
To Direct labour	1780,000		
Prime Cost	44,60,000		
To Factory overheads (20% of Prime Cost)	8,92,000		
Works Cost	53,52,000		
To Administration overheads	5,35,200		
Cost of Production (52,000 units)	58,57,200		
(-) Closing stock of Finished goods	(2,26,431)		
Cost of goods sold (50,000 units)	56,60,769		
To Selling and distribution (50,000 × 10)	5,00,000		
Cost of Sales	61,60,769		
To Profit (Bal fig)	39,231		
	62,00,000		**62,00,000**

Note: -

Total cost of production of 52,000 units = ` 58,87,200

Proportionate cost representing closing stock of 2,000 units = $\frac{58,87,200}{52,000 \text{ units}} \times 2,000 \text{ units}$ = ` 2,26,431

Reconciliation Statement

Particulars	**+**	**–**
Profit as per cost books	39,231	
Factory overhead under recovered in cost books		58,000
Administration overheads over-recovered in cost books	55,000	
Closing stock of finished goods over-valued in cost books		76,431
Selling overheads over-recovered in cost books	2,50,000	
Dividend recovered not recorded in cost books	20,000	
Preliminary expenses written off not recorded in cost books		50,000

Profit as per financial accounts = 3,64,231 – 1,84,431 = ` 1,79,800

Answer to Question no.4:

DR **Stores Ledger Control Account** **CR**

Particulars	**Amount (`)**	**Particulars**	**Amount (`)**
To Balance b/d	32,000	By WIP Control (D. Materials)	1,60,000
To GLA A/c (Purchases)	1,58,000	By Works Overhead Control A/c (Indirect Material)	20,000
To WIP Control A/c	80,000	By Costing P & L A/c (Deficiency)	6,000
		By Balance c/d	84,000
	2,70,000		**2,70,000**

DR **WIP Control Account** **CR**

Particulars	**Amount (`)**	**Particulars**	**Amount (`)**
To Balance b/d	60,000	By Stores Control	80,000
To Stores Control	1,60,000	By Finished Goods Control (Bal. fig.)	4,00,000
To Wages Control	65,000	By Balance c/d	45,000
To Works Overheads Control	2,40,000		
	5,25,000		**5,25,000**

DR **Wages Control Account** CR

Particulars	Amount (`)	Particulars	Amount (`)
To GLA A/c	70,000	By WIP (Direct Wages)	65,000
		By Works Overhead (Indirect Wages)	5,000
	70,000		**70,000**

DR **Works Overheads Control Account** CR

Particulars	Amount (`)	Particulars	Amount (`)
To Stores Control	20,000	By WIP Control (Applies)	2,40,000
To Wages Control	5,000	By Costing Profit and Loss A/c (under-recovered	35,000
To G L A A/c	2,50,000		
	2,75,000		**2,75,000**

DR **Finished Goods Control Account** CR

Particulars	Amount (`)	Particulars	Amount (`)
To WIP Control A/c.	4,00,000	By Cost of Sales A/c.	4,00,000

DR **Cost of Sales Account** CR

Particulars	Amount (`)		Amount (`)
To Finished Goods Control A/c	4,00,000	By Cost of Sales A/c.	4,00,000

DR **Costing Profit and Loss Account** CR

Particulars	Amount (`)	Particulars	Amount (`)
To Cost of Sales A/c.	4,00,000	By GLA (Sales) (4,00,000 plus 10%)	4,00,000
To Works Overhead control	35,000	By GLA (Loss)	1,000
To Stores Ledger Control A/c	6,000		
	4,41,000		**4,41,000**

DR **Profit and Loss Account** CR

Particulars	Amount (`)	Particulars	Amount (`)
To Opening Stock :		By Sales	4,40,000
Raw Material	32,000	By Closing Stock:	
WIP	60,000	Raw Material	84,000
To Purchases	1,58,000	WIP	45,000
To Wages	70,000	By Income from Investment	10,000
To Works Overheads	2,50,000	By Net Loss	11,000
To Loss on Sale of Capital Asset	20,000		
	5,90,000		**5,90,000**

Reconciliation Statement

Particulars	+	–
Loss as per Cost Books		1,000
Income from investment not recorded in cost books	10,000	
Loss on sale of capital asset not recorded in cost books		20,000
	10,000	**21,000**

Loss as per financial books = 21,000 – 10,000 = ` 11,000.