

Then the amount is transferred to WIP ledger control a/c

WIP ledger control a/c	Dr.
To Wages OH control a/c	

Manufacturing Exp.

It is the incurred amount of production. It is written on the Dr. side of Manufacturing OH control a/c and on the Cr. side of Cost ledger control a/c.

Manufacturing OH control a/c	Dr.
To Cost ledger Control a/c	

Recovery of Manufacturing OH

If there is nothing specified in the question about the recovery of such amount then is assumed that the amount is fully recovered. The recovered amount of Manufacturing OH is posted on the cr. side of Manufacturing OH control a/c and on the Dr. side of WIP ledger control a/c.

WIP ledger control a/c	Dr.
To Manufacturing OH control a/c	

Any deficiency or excess found in the manufacturing OH control a/c will be charged to costing profit and loss a/c or carried forward to the next year as stated by the question.

Selling and Distribution Exp.

It is the incurred amount of selling expenses. It is written on the Dr. side of Selling OH control a/c and on the Cr. side of Cost ledger control a/c.

Selling OH control a/c	Dr.
To Cost ledger control a/c	

Recovery amount of Selling OH

If there is nothing specified in the question about the recovery of such amount then it is assumed that the amount is fully recovered. The recovered amount of Selling OH is posted on the cr. side of Selling OH control a/c and on the Dr. side of Cost of sales a/c.

Cost of sales a/c	Dr.
To Selling OH control a/c	

Any deficiency or excess found in the Selling OH control a/c will be charged to costing profit and loss a/c or carried forward to the next year as stated by the question.

Material issued to jobs or production

Hence the material moved from stores to factory the following entry is passed:-

WIP ledger control a/c	Dr.
To Stores ledger control a/c	

Sales

The entry is posted on the Cr. side of Costing Profit and Loss a/c and on the Dr. side of Cost Ledger Control a/c.

Cost Ledger Control a/c	Dr.
To Costing Profit and Loss a/c	

Purchase of material directly by factory

WIP ledger control a/c	Dr.
To cost ledger control a/c	

Return of material to stores:- Sometimes material is returned to stores by factory

Stores ledger control a/c Dr.

To WIP ledger control a/c

Return of material by stores to supplier

Cost ledger control a/c Dr.

To stores ledger control a/c

Indirect wages

First of all transaction entry is passed

Wages OH Control a/c Dr.

To General ledger adjustmentl a/c

Then the amount is transferred to relevant accounts

Manufacturing OH control a/c Dr.

To Wages OH control a/c

If the question says that indirect wages are recovered from administration overheads then the amount will be transferred to Administration OH Control a/c instead of Manufacturing OH Control a/c while the transaction entry will remain same.

Administration Exp.

It is the incurred amount of administration expenses. It is written on the Dr. side of Administration OH control a/c and on the Cr. side of Cost ledger control a/c.

Administration OH control a/c Dr.

To Cost ledger control a/c

Recovery amount of Administration OH:- If there is nothing specified in the question about the recovery of such amount then is assumed that the amount is

fully recovered. The recovered amount of Administration OH is posted on the cr. side of Administration OH control a/c and on the Dr. side of Finished Goods Ledger Control a/c.

Finished goods ledger control a/c Dr.
 To Administration OH control a/c

Any deficiency or excess found in the Administration OH control a/c will be charged to costing profit and loss a/c or carried forward to the next year as stated by the question.

Loss Of Material

Costing Profit and Loss a/c Dr.
 To Stores ledger control a/c

Materials Issued For Repairs/Maintenance

In such case it is assumed that the material is issued to factory for repairs.

Production OH control a/c Dr.
 To Stores ledger control a/c

Cost Of Goods Sold

It is written on the Cr. side of Finished Goods Ledger Control a/c as "Cost of Sales a/c" and the same is transferred to Cost Of Sales a/c.

Cost Of Sales a/c Dr.
 To Finished Goods Ledger Control a/c

Royalty

It is a direct expense

WIP Ledger Control a/c Dr.

To Cost Ledger Control a/c

Cost Of Goods Produced By The Factory

Finished Goods Ledger Control a/c Dr.

To WIP Ledger Control a/c

Sales Returned(at cost)

Finished Goods Ledger Control a/c Dr.

To Cost Of Sales a/c

Depriciation

Manufacturing OH Control a/c Dr.

To Cost Ledger Control a/c

WIP Ledger Control a/c

Sometimes the question provides us the opening and closing balances of WIP Ledger Control a/c. If the Dr. side is more than Cr. side then the balance will be treated as Finished Goods Produced By The Factory and the same will be transferred to Finished Goods Ledger Control a/c.

Finished Goods Ledger Control a/c Dr.

To WIP Ledger Control a/c

Finished Goods Ledger Control a/c

Sometimes the question provides us the opening and closing balances of Finished Goods Ledger Control a/c. If the Dr. side is more than Cr. side then the balance will

be treated as Cost Of Goods Sold and the same will be transferred to Cost Of Sales a/c.

Cost Of Sales a/c	Dr.
To Finished Goods Ledger Control a/c	

Cost Of Sales a/c

The balance of Cost Of Sales a/c is transferred to Costing Profit and Loss a/c.

Costing Profit and Loss a/c	Dr.
To Cost Of Sales a/c	

Costing Profit and Loss a/c

The profit and loss arising in the Costing Profit and Loss a/c is transferred to Cost Ledger Control a/c.

In case of profit

Costing Profit and Loss a/c	Dr.
To Cost Ledger Control a/c	

In case of Loss

Cost Ledger Control a/c	Dr.
To Costing Profit and Loss a/c	

INTEGRATED A/C

- Any expense incurred in Integrated a/c will be transferred to the Cr. side of Bank a/c and on the Dr. side of the relevant expense a/c.
- In Integrated Accounts Profit and Loss a/c is prepared instead of Costing Profit and Loss a/c.
- Sales a/c is also prepared in Integrated a/c.

Sales

Firstly the entry will be posted on the Cr. side of Profit and Loss a/c and then on the Dr. side of Sales a/c.

Sales a/c	Dr.
To Profit and Loss a/c	

Then the entry is transferred from Sales a/c to Debtors a/c.

Debtors a/c	Dr.
To Sales a/c	