

Reconciliation of cost & financial A/c.

Reconciliation statement of _____ for
reconciling costing & financial statement
for year ended _____

Part	Amount
Profit as per costing books	XX
(-) Financial expenses (XX)	
(int exp, dividend pd/payable, loss on sale, clw w/o, prep exp w/o, income tax)	
(+) Financial income (XX)	
(-int income, profit of sale of asset, div. income)	
(+) Costing expenses (XX)	
(booked only in costing - notional)	
(salary of proprietor, rent on own premises, int on own capital)	
(-) Under absorption (always under) (XX)	
(+) Over absorption (always over material + capital) (XX)	
(only if they appear in costing P&L and not w/o in P&L)	
(+)(-) Over/under valuation of A'strk (XX)	
(-) Op ⁿ strk undervalued.	
(+) Op ⁿ strk over valued	
(+) Cl ⁿ strk undervalued	
(-) Cl ⁿ strk over valued.	
(+)(-) Appropriations (XX)	
(-) Transfer to reserve	
(+) Transfer from reserve	
Profit as per financial books	<u>XX</u>

Memorandum also A/c

Items to be added	XX	Costing Profit	XX
Costing loss	XX	Items added	XX
Items reduce	XX		
Profit as per financial	(XX)	Items to be added	XX
		Fin. loss	XX

Excess :- costing loss black :- cos. profit

Keys:-
Absence loss in financial records.

* Link $(\frac{\text{fin exp} - \text{fin income}}{\text{in total}})$ with cost

* Opⁿ strk & profit - indirect relation ↑↓
 Clⁿ strk & profit - direct relation ↑↑
 * expenses are absorbed in costing using
absorption rate $\frac{\text{exp OH}}{\text{exp units}}$