

Integrated & Non Integrated Costing

INI-1

Cost A/c system

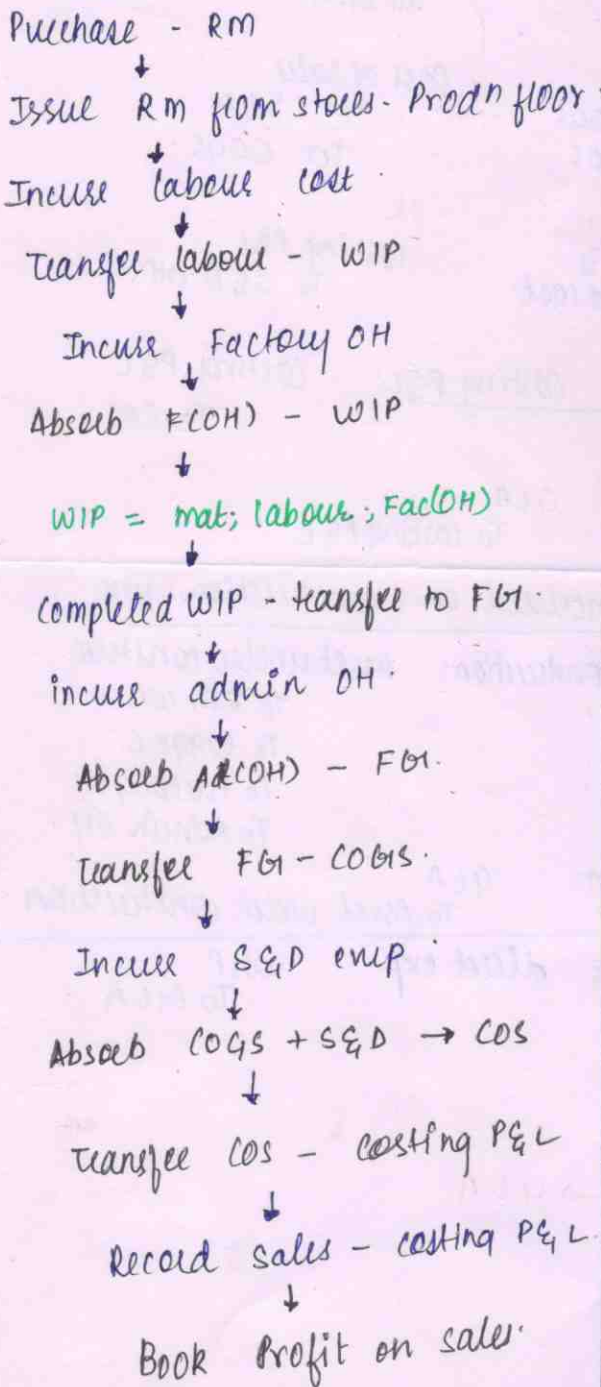
Integrated (I)
combined C&FM records.

(no GLA/CLC A/c)
(all real & personal A/c)
no duplication of records.

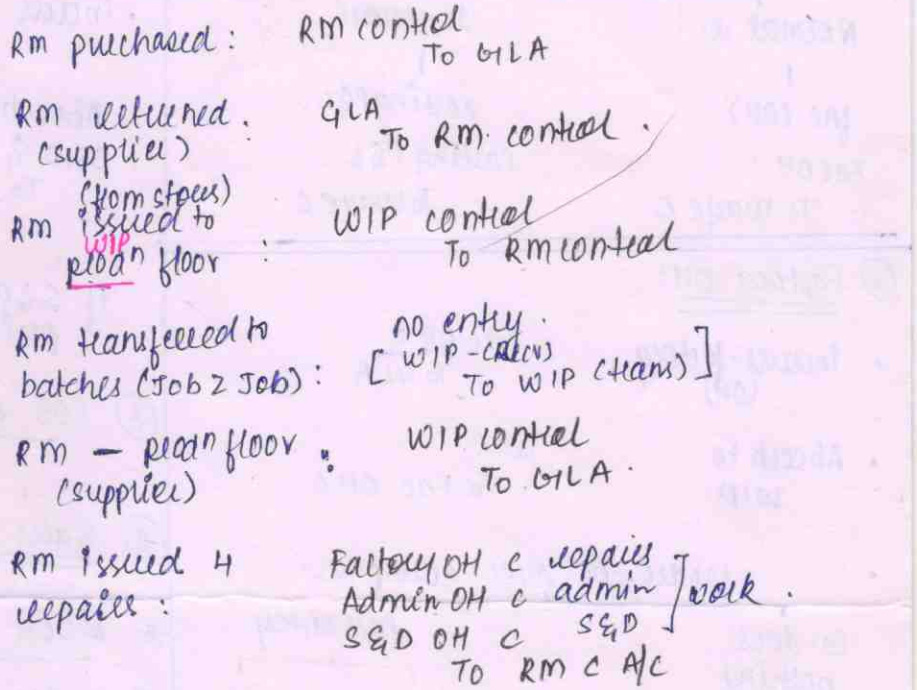
Non Integrated (NI) (GLA & CLC A/c)
different records for costing & FM

- RM/Stores Ledger.
 - WIP/Job Ledger.
 - FG/Stock Ledger.
 - General/Cost Ledger A/c (Real & Personal A/c)
- 2 sets of P&L are prepared.

Flow of Production Process:



① Raw material:



Loss of RM:

Normal loss

① Co. is inflating the issue price of RM:
no entry

② Co. is not inflating the issue price:
Fac OH To RM control

Abnormal loss.
- transfer to costing PL
Costing PL To RM & Co

* Carriage inwards

Fac(OH) OR direct exp
Fac(OH) To GLA
RM control To GLA

1. Chk whether all entries are done (necessary ones) except bal. figure.
2. Always close the normal flow; if more than one figure is missing; next A/c.
3. Check very carefully all principles entries must be there.

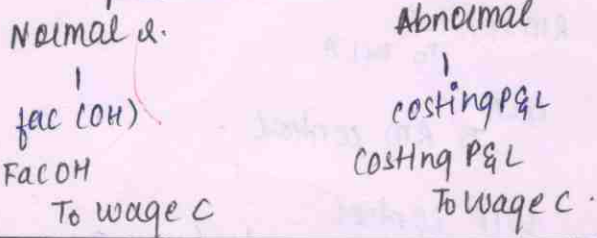
- Abnormal loss always costing P&L
- VA = De bal.] expenses. Ra.
- DA = Cr bal.]
- Period cost = transfer to costing P&L
- Always make trial balance for every question.

4. Flow of A/c: (also for Integrated)
- ① RM, wage ctrl, Factory OH, WIP
 - ② Admin OH, FG, COGS
 - ③ COGS S&D, COS, Costing P&L, GLA

② Labour:

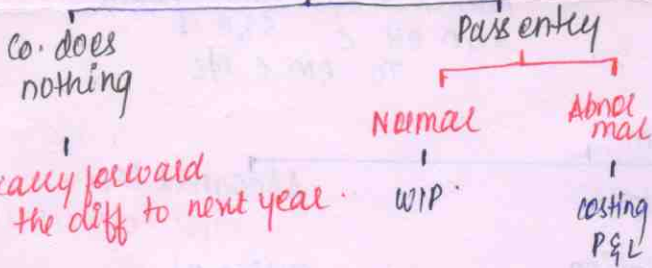
- Pay wages to direct & indirect labour:
 - Wage c To GLA A/c
- Direct lab → WIP control To Wage c.
- Indirect lab → Fac(OH) To Wage c (FOH)

• Idle time:



③ Factory OH:

- incur: factory OH To GLA (Fac OH C)
- Absorb to WIP WIP To Fac OH C.
- Under or over absorption.



• Abnormal: [Costing P&L]

- UA Costing PL To F(OH)
- DA F(OH) To Costing P&L

• Normal:

- UA: WIP control To F(OH)
- DA: Fac(OH) To WIP control.

④ At this level all expenses are transferred to WIP.

- Transfer WIP → FG control To WIP control.

⑤ Admin OH:

- incur: admin OH To GLA
- Absorb: - FG To Admin(OH) OR treat as a period cost costing P&L To Admin(OH)
- ★ Transfer FG to COGS COGS To FG

⑥ S&D OH:

- incur S&D(OH) To GLA
- Absorb S&D & COGS To COS Cost of sale To S&D To COGS.
- OR Costing P&L To S&D OH.
- if S&D is period cost

⑦ COS to Costing P&L: Costing P&L To COS.

⑧ Sales: GLA To Costing P&L

★ mCOH incurred on construction WIP

- ① Under construction: Asset under construction To RM con To Wage c To Factory OH To Admin OH.

- ② completion: GLA To Asset under construction.

★ Royalty: direct exp - WIP To GLA.

profit → GLA