

Reconciliation of profit between Financial accounting and Cost accounting

From the following figures prepare a Reconciliation Statement.

Net Profit as per financial records 1,28,755

Net profit as per costing records 1,72,400

Works Overheads under-recovered in costing 3,120

Administrative Overheads recovered in excess in costing 1,700

Depreciation charged in financial records 11,200

Depreciation recovered in costing 12,500

Interest received but not included in costing 8,000

Obsolescence Loss charged in financial records 5,700

Income Tax provided in financial records 40,300

Bank Interest credited in financial books 750

Stores Adjustments credited in financial books 6,750

Solution:

Reconciliation statement of Net profit of Costing & Financial records		
Particulars	Amount	Amount
Net profit as per financial records		1,28,755
Add:		
Works overhead under recovered in costing	3,120	
Obsolescence Loss charged in financial records	5,700	
Income Tax provided in financial records	40,300	49,120
		1,77,875
Less:		
Administrative overheads over absorbed in costing	1,700	
Depreciation over charged in costing	1,300	
Interest received but not included in costing	8,000	
Bank Interest credited in financial books	750	
Stores Adjustments credited in financial books	6,750	-18,500
Net profit as per costing records		1,59,375