KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University Established Under Section 3 of UGC Act 1956)

Coimbatore – 641 021.

Semester IV

L	T	P	C
-	-	3	-

16CCU411 **COST ACCOUNTING (PRACTICAL)**

COURSE OBJECTIVES:

- To provide practical knowledge on accounting practices
- To know the accounting through Tally
- In Tally we can learn how to prepare and maintaining the company's stock

List of Programs

LEARNING OUTCOME:

- Stock maintenance and stock issue procedure using computer is very helpful to students to enhance their knowledge on the part of accounting.

LIST OF PROGRAMS

1. Prepare inventory statements using (calculate inventory using all methods)
   FIFO
   LIFO
   Simple Average Method
   Weighted Average Method
2. Prepare bank reconciliation statement
3. Prepare the following ratio analysis
   Financial ratio
   Operating ratio
   Investment ratio
4. Prepare the following
   Cash flow statement
   Fund flow statement

5. Create stock and stock groups
6. Create stock group and stock items and enter the vouchers
7. Preparation of reports for the following

   Profit & loss a/c

   Balance sheet

   Bank reconciliation statement

   Ledgers

   Ratio analysis
8. Back up and restore the company information

Reference Books

1. Shraddha Singh, Navneet Mehra (2010) "Tally ERP 9: Power of Simplicity".
2. Nadhani. 2013. *Tally9.2*. New Delhi, PBP Publication.
3. Rita Bhargava. 2011. *Tally 9.2.* New Delhi. Cyber the Publication.

PROGRAM: 1

PREPARATION OF INVENTORY STATEMENT

Aim:

To Prepare Inventory Statement using FIFO, LIFO, Simple Average and Weighted Average Methods.

PREPARATION OF INVENTORY STATEMENT

Preparation of Inventory Statements using FIFO, LIFO, Simple Average and Weighted Average Methods.

- **Cost Price Methods**
  - First in First out (FIFO)
  - Last in First out (LIFO)
- **Average Price Methods**
  - Simple Average.
  - Weighted Average

First in First out Method (FIFO)

Under this method materials are used in the order in which they are received. In other words, materials received first are issued first. This process is repeated throughout.

The price of the earliest consignment is taken first and when that is exhausted, the price of the next consignment is adopted and so on. This method is most suitable for use where the material is slow moving and has comparatively high unit cost This method is also useful in times of falling prices because the issue price of material to the job will be high while the replacement cost of material will be below.

Last in First Out Method: (LIFO)

This method is exactly the opposite of FIFO method. Under this me materials received last are issued first. The price of the material to be issued would the cost price of the last lot of materials purchased.

This method is useful during t period of rising prices because materials will be issued from the latest consignment a price which is closely related to the current price levels. Under this method product' cost is calculated on a basis which approximates to replacement cost.

Simple Average Price Method

Under this method, materials issued are valued at average price. This is calculated by dividing the total of the price of the materials on the stock from which the material to be priced could be drawn by the number of prices used in that total.

Unit pieces of material in stock Issue Price - Number of purchases.

A new simple average price is to be determined when a fresh receipt is made. The rate is also revised when an earlier consignment is exhausted.

Weighted Average Method

The weighted average method is used to assign the average cost of production to a product. Weighted average costing is commonly used in situations where:

- Inventory items are so intermingled that it is impossible to assign a specific cost to an individual unit.
- The accounting system is not sufficiently sophisticated to track FIFO or LIFO inventory layers.
- Inventory items are so commoditized (i.e., identical to each other) that there is no way to assign a cost to an individual unit.

1. Show the Store Ledger entries as they would appear when using

i) FIFO

ii) LIFO

iii) Weighted average method

iv) Simple average method

April	1.	Balance	300 units	Rs. 600/-
	2.	Purchase	200 units	Rs. 440/-
	4.	Issued	150 units	
	6.	Purchase	200 units	Rs. 460/-
	11.	Issued	150 units	
	19.	Issued	200 units	
	22.	Purchase	200 units	Rs. 480/-
	27.	Issued	250 units	

1) Stores Ledger Account as per FIFO METHOD

Date	Details	Receipt	Issued	Balance						
		Qty	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt
April 1	Balance	300	2/-	600	-	-	-	300	2/-	600
2	Purchase	200	2.20	440	-	-	-	300	2.00	600
								200	2.20	440
4	Issue				150	2.00	300	150	2.00	300
								200	2.20	440
6	Purchase	200	2.30	460				150	2.00	300
								200	2.20	440
								200	2.30	460
11	Issue				150	2.00	300	200	2.20	440
								200	2.30	460
19	Issue				200	2.20	440	200	2.30	460
22	Purchase	200	2.40	480				200	2.30	460
								200	2.40	480
27	Issue				200	2.30	460	150	2.40	360
					50	2.40	120			

Value of Closing Stock : 150 units at the rate of Rs. 2.40 value Rs. 360/-

2) LIFO METHOD

Date	Details	Receipt	Issued	Balance						
		Unit	Rate	Amt	Unit	Rate	Amt	Unit	Rate	Amt
April 1	Balance	300	2.00	600	-	-	-	300	2.00	600
2	Purchase	200	2.20	440	-	-	-	300	2.00	600
								200	2.20	440
4	Issue				150	2.20	330	300	2.00	600
								50	2.20	110
6	Purchase	200	2.30	460				300	2.00	600
								50	2.20	110
								200	2.30	460
11	Issue				150	2.30	345	300	2.00	600
								50	2.20	600
								50	2.30	115
19	Issue				50	2.30	115	200	2.00	400
					50	2.20	110			
					100	2.00	200			
22	Purchase	200	2.40	480	-	-	-	200	2.00	400
								200	2.40	480
27	Issue				200	2.40	480	150	2.00	300
					50	2.00	100			

Value of Closing Stock : 150 units @ Rs. 2.00 value is Rs. 300/-

3) SIMPLE AVERAGE METHOD

Date	Details	Receipt	Issued	Balance						
		Unit	Rate	Amt	Unit	Rate	Amt	Unit	Rate	Amt
April 1	Balance	300	2.00	600	-	-	-	300	2.00	600
2	Purchase	200	2.20	440	-	-	-	500	2.10	1050
4	Issue	-	-	-	150	2.10	315	350	2.10	35
6	Purchase	200	2.30	460	-		-	550	2.17	1193..50
11	Issue	-	-	-	150	2.17	325.50	400	2.17	868
19	Issue	-	-	-	200	2.17	434	200	2.17	434
22	Purchase	200	2.40	480	-	-	-	400	2.23	892
27	Issue	-	-	-	250	2.23	557.50	150	2.23	334.50

Value of Closing Stock : 150 units at the rate of Rs. 2.23 value Rs. 334.50

4) WEIGHTED AVERAGE METHOD

Date	Details	Receipt	Issued	Balance						
		Unit	Rate	Amt	Unit	Rate	Amt	Unit	Rate	Amt
April 1	Balance	300	2.00	600	-	-	-	300	2.00	600
2	Purchase	200	2.20	440	-	-	-	500	2.08	1040
4	Issue	-	-	-	150	2.08	312	350	2.08	728
6	Purchase	200	2.30	460	-		-	550	2.16	1118
11	Issue	-	-	-	150	2.16	324	400	2.16	864
19	Issue	-	-	-	200	2.16	432	200	2.16	432
22	Purchase	200	2.40	480	-	-	-	400	2.28	912
27	Issue	-	-	-	250	2.28	570	150	2.28	342

Value of Closing Stock : 150 units at the rate of Rs. 2.28 value Rs. 342.00/

PROGRAM: 2

PREPARATION OF BANK RECONCILIATION STATEMENT

Aim:

To Prepare Bank Reconciliation Statement

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Select the Gateway of Tally →Account Info →Ledger → Multiple Ledger → Create.

Step 3: Press "y" to accept or press enter button.

Step 4: Select Gateway of Tally →Accounting voucher → Create relevant voucher entries.

Step 5**:** Press "Y" or enter to accept the transaction.

Step 6: To view Bank Reconciliation Statement

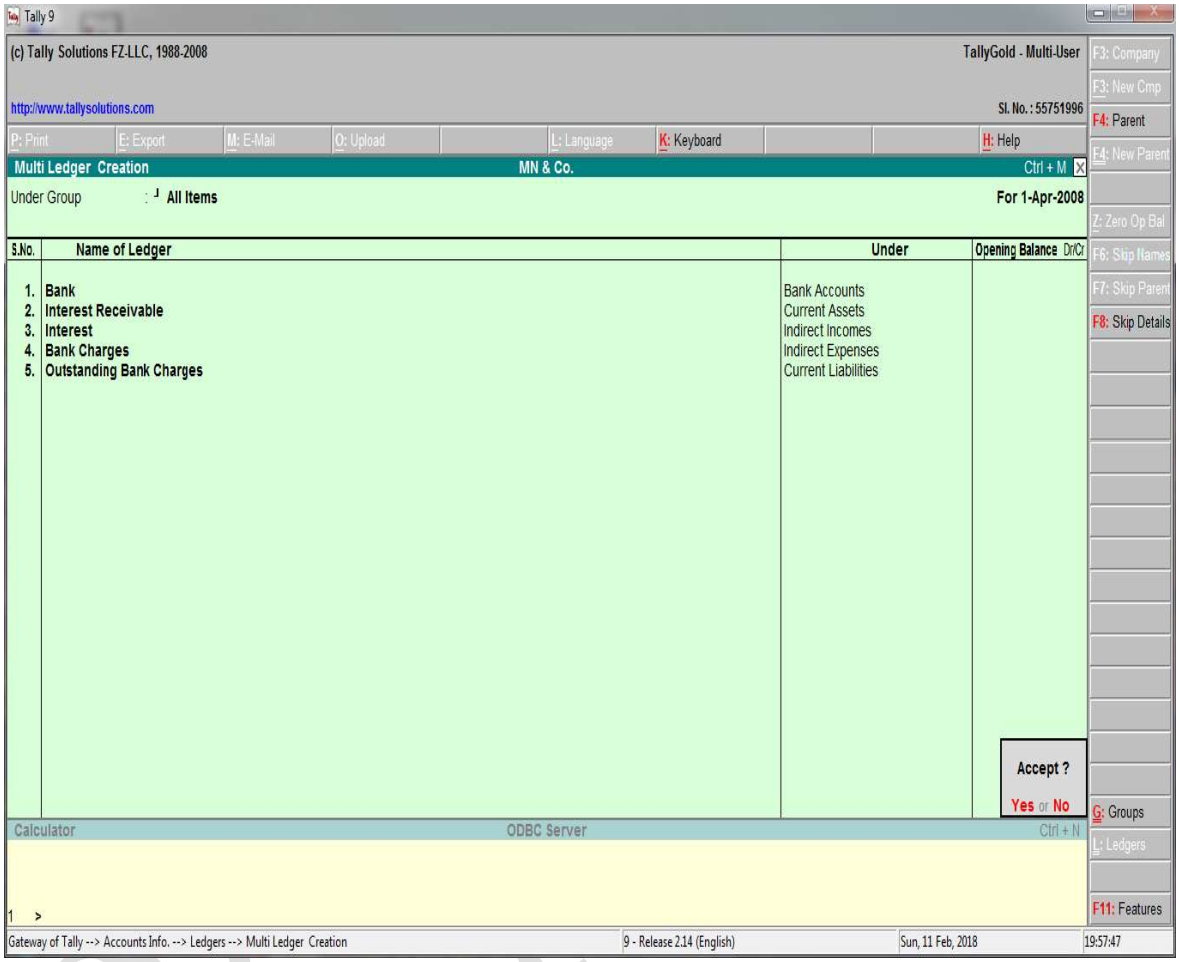
Gateway of Tally→Display→ Ledgers→Press Alt+F2(To change period→Press F5 for Reconciliation→Insert Bank Date→and then accept it press "Yes".

Step 7: Stop the process.

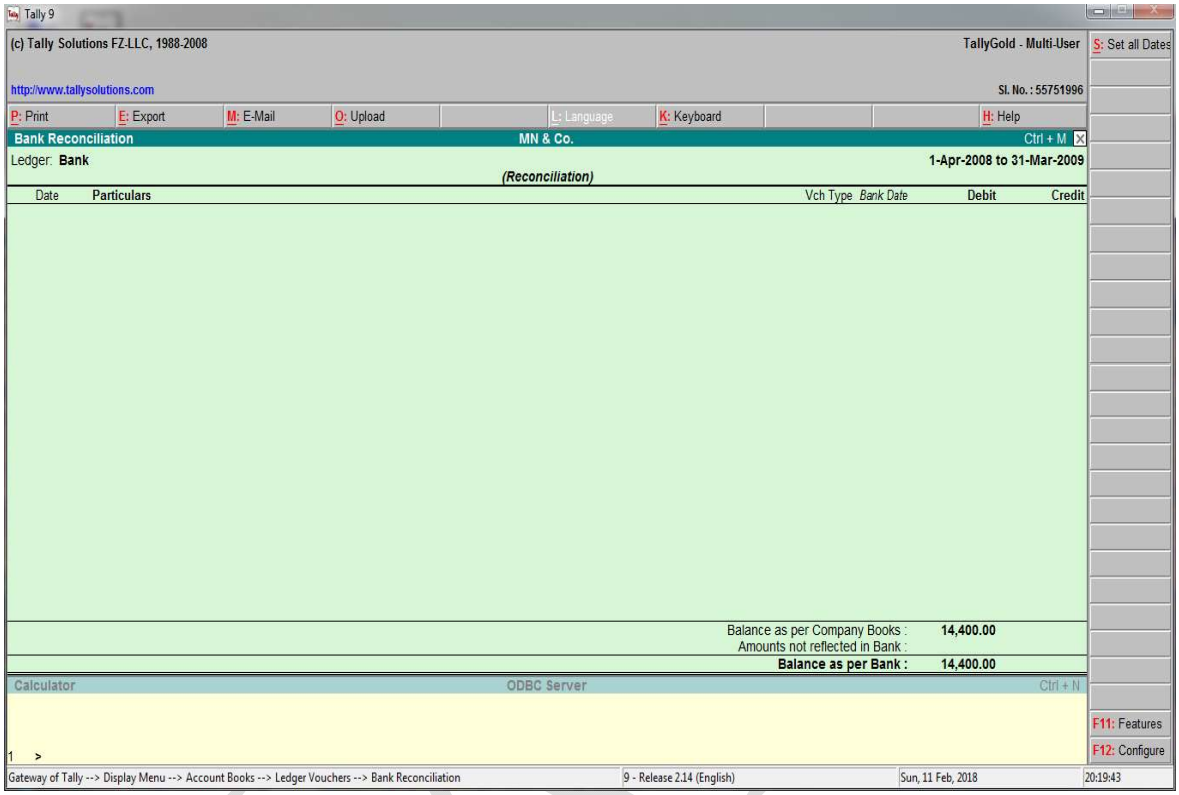
From the following particulars, prepare a bank reconciliation statement of MN & Co. as on 1st April 2008.

1.	Balance as per cash book (Dr.)	Rs.64,000
2.	Checks deposited but not yet collect	Rs.40,400
3.	Checks issued but not yet paid by bank	Rs.26,000
4.	Interest credited by bank but not recorded in cash book.	Rs.500
5.	Bank charges debited by bank but not entered in cash book	Rs.100

LEDGER ACCOUNTS



BANK RECONCILIATION STATEMENT



Result:

Thus the program has been executed successfully and the output is verified.

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PROGRAM: 3

PREPARATION OF RATIO ANALYSIS

Aim:

To Prepare Ratio Analysis

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Select the Gateway of Tally →Account Info →Ledger → Multiple Ledger → Create.

Step 3: Press "y" to accept or press enter button.

Step 4: Select Gateway of Tally →Accounting voucher → Create relevant voucher entries.

Step 5**:** Press "Y" or enter to accept the transaction.

Step 6: To view ratio analysis

Gateway of Tally→ Ratio Analysis.

Step 7: Stop the process.

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From the following information prepare Financial Ratio, Operating Ratio and Investment Ratios.

Date	Particulars	Amount (Rs.)
01.1.2017	Kala started business with	2,00,000
04.1.2017	Goods purchased from Rajeev	50,000
05.1.2017	Machinery Purchased from Ragav	1,00,000
07.1.2017	Stationery Purchased	500
10.1.2017	Goods sold for Cash	60,000
15.1.2017	Cash deposited into Bank	50,000
20.1.2017	Interest received	10,000
24.1.2017	Discount Received	2000
25.1.2017	Rent paid	5,000
30.1.2017	Wages paid	8,000
31.1.2017	Salary Paid	50,000

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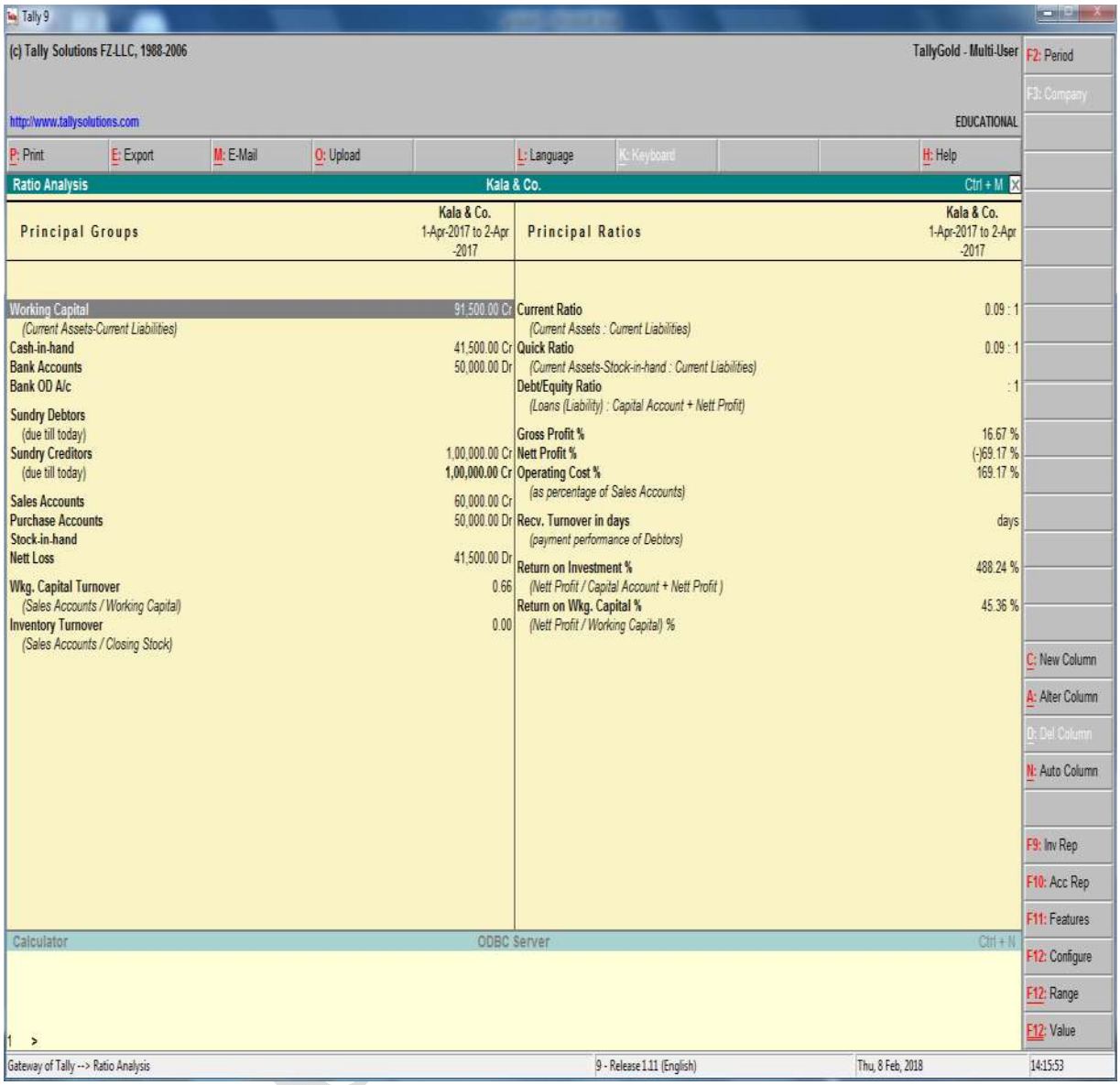
RATIO ANALYSIS



Result:

Thus the program has been executed successfully and the output is verified.

PROGRAM: 5

CREATION OF STOCK GROUP AND STOCK ITEM

Aim:

To Create the Stock Groups and Items under Multiple Mode

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Choose Create Company from Gateway of Tally →Accounts with inventory info →Create company.

Step 3: Select Inventory Info from Gateway of Tally →Stock Groups → Create→ Multiple group creation screen appears to enter the list of group enter the specific name.

Step 4: Select Inventory Info from Gateway of Tally →Units of Measure→ Create→ Unit creation screen appears to enter the list of units enter the specific name.

Step 5: Select Inventory Info from Gateway of Tally →Stock Items→ Create→ Multiple Stock Items creation screen appears to enter the list of items enter the specific name.

Step 5: Stop the process.

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CREATION OF STOCK GROUPS AND ITEMS

Create Stock groups and Items from the following particulars:

Stock Groups	Stock Items	Units of Measures
Mobiles	ASUS Mobiles	Nos.
Television	Sony TV	Nos.
Mobiles	ApplePhone	Nos.
Mobiles	MOTO G	Nos.
Television	LG TV	Nos.

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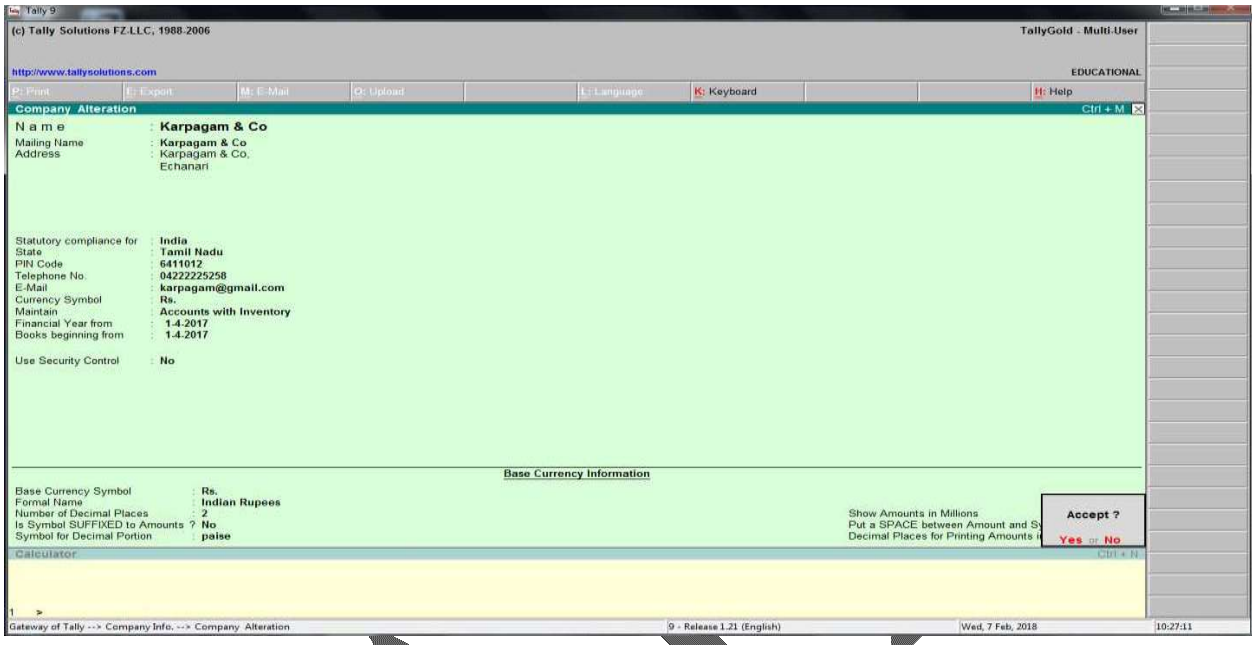
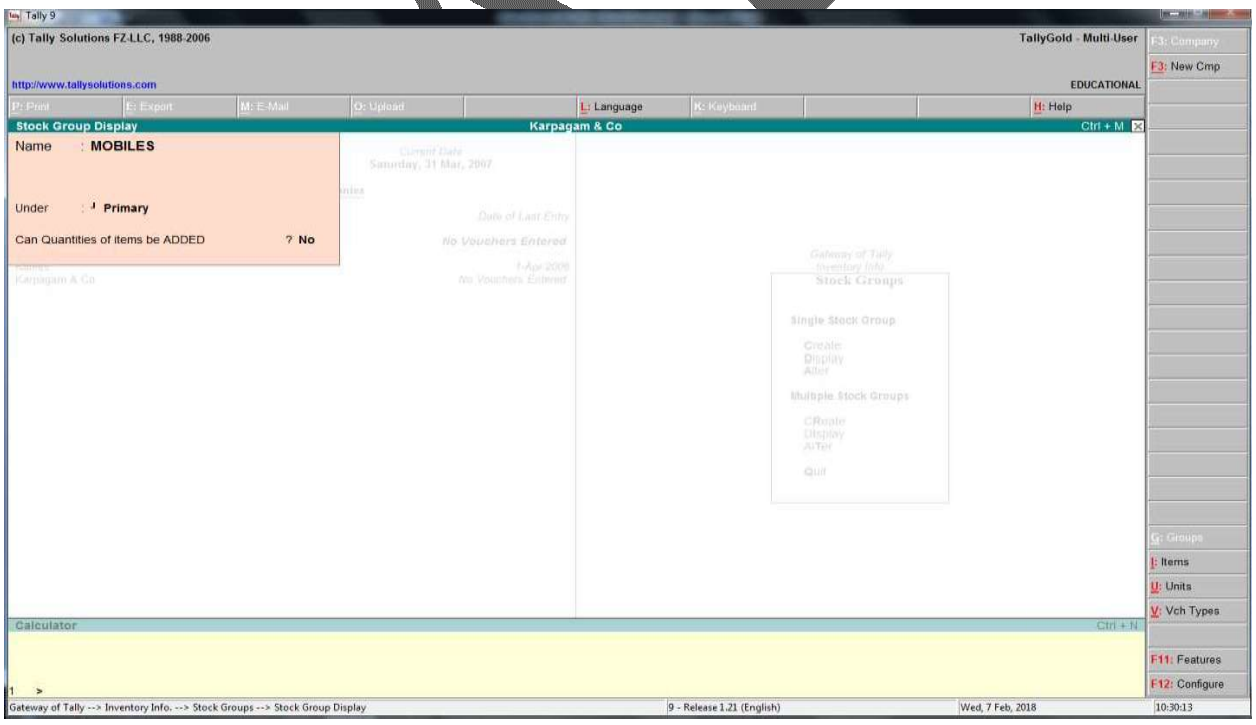
OUTPUT:

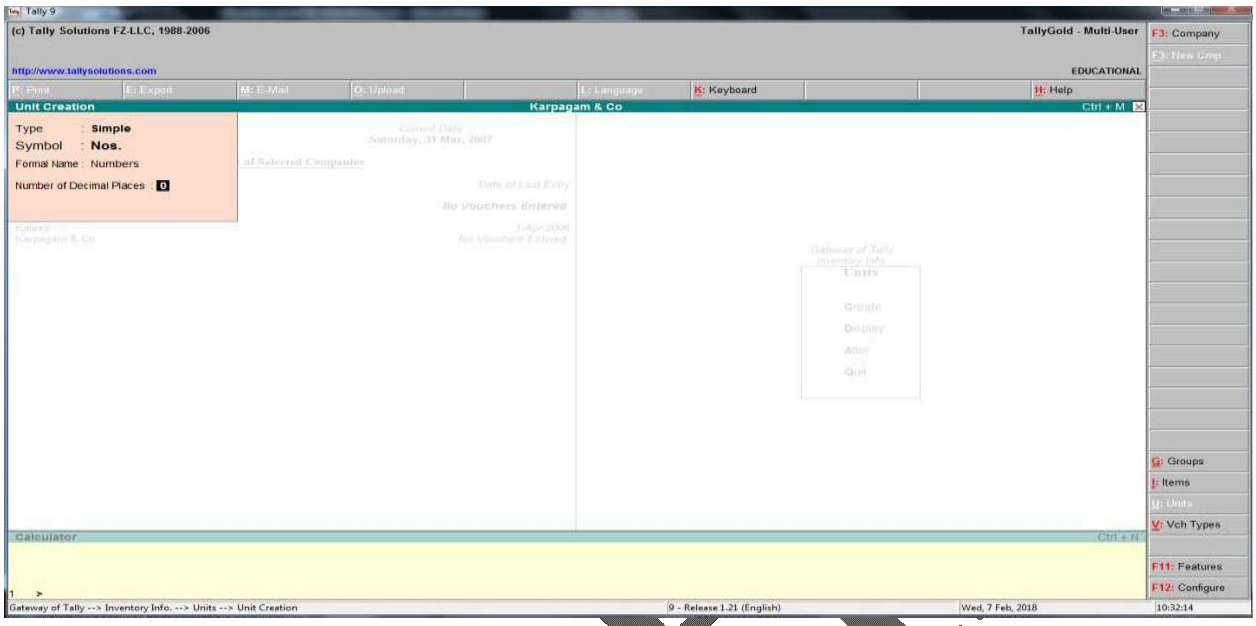
CREATION OF COMPANY



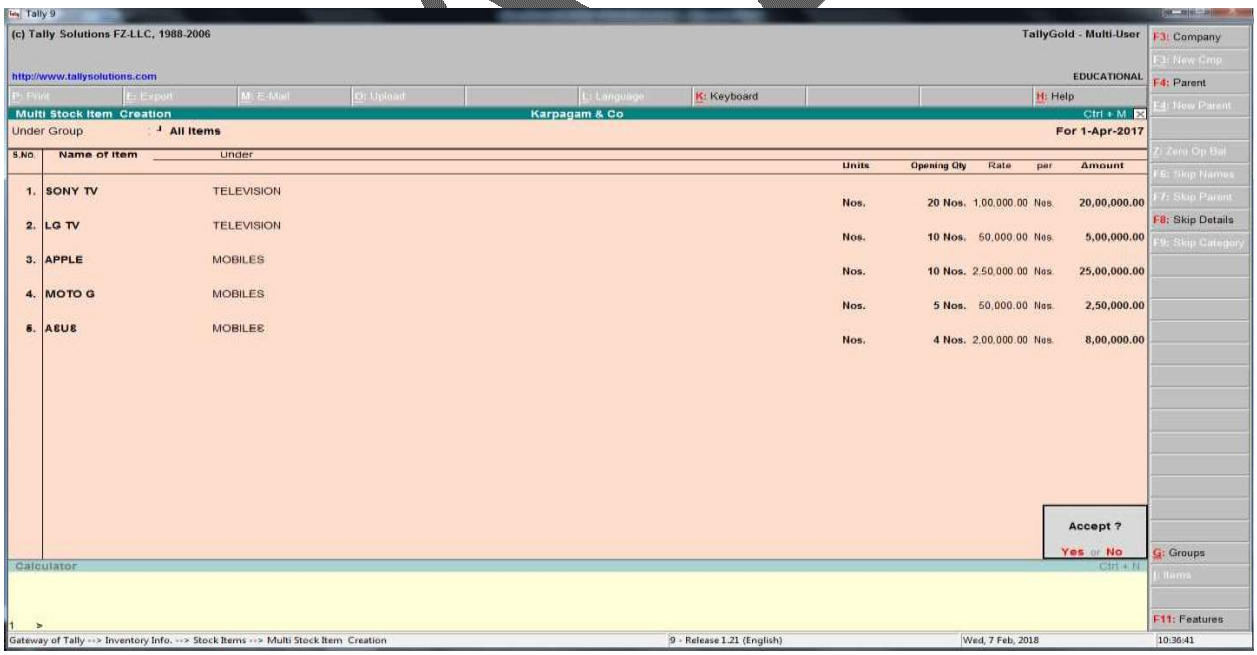
STOCK GROUP CREATION



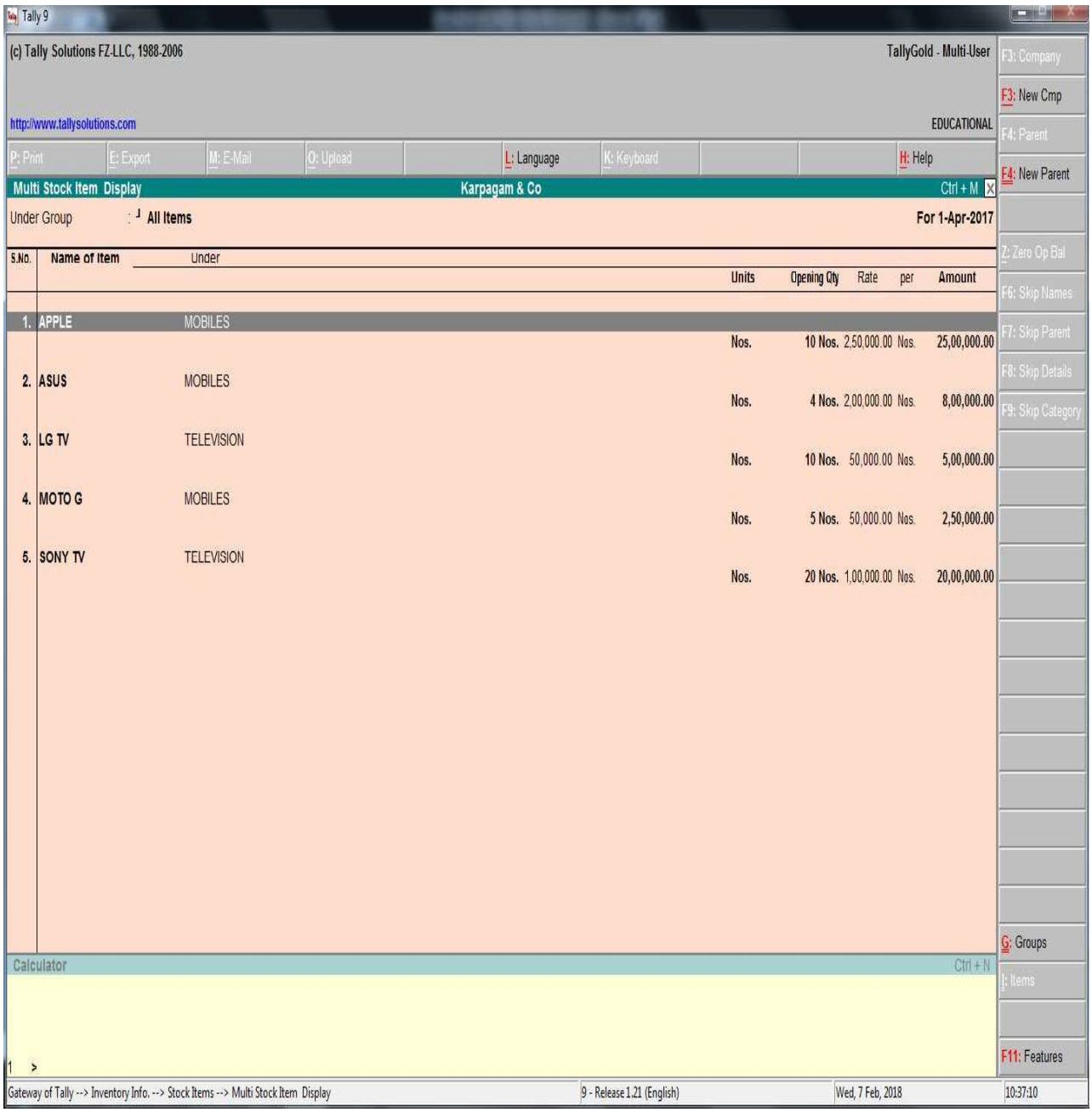
UNITS CREATION



CREATION OF STOCK ITEMS



STOCK GROUPS AND ITEMS



Result:

Thus the program has been executed successfully and the output is verified.

PROGRAM: 6

CREATION OF STOCK GROUP, STOCK ITEMS AND VOUCHER CREATION WITH INVENTORY DETAILS

Aim:

To Create the Stock Groups, Items and Voucher Creation with Inventory Details

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Choose Create Company from Gateway of Tally →Accounts with inventory info →Create company.

Step 3: Select Inventory Info from Gateway of Tally →Stock Groups → Create→ Multiple group creation screen appears to enter the list of group enter the specific name.

Step 4: Select Inventory Info from Gateway of Tally →Units of Measure→ Create→ Unit creation screen appears to enter the list of units enter the specific name.

Step 5: Select Inventory Info from Gateway of Tally →Stock Items→ Create→ Multiple Stock Items creation screen appears to enter the list of items enter the specific name.

Step 5: Create voucher entries with inventory details.

Step 6: Stop the process.

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CREATION OF STOCK GROUP, STOCK ITEMS AND VOUCHER CREATION WITH INVENTORY DETAILS

From the following information prepare voucher entries with inventory details.

Date	Particulars	Amount (Rs.)
01.1.2015	Ram commenced business with	5,00,000
05.1.2015	Cash deposited into IOB Bank	2,00,000
10.1.2015	Bought Financial Accounting – Reddy &Murthy 10 copies @ Rs.300 from Kalyani Publishers for Cash	3,000
15.1.2015	Bought Cost Accounting – Reddy &Murthy 20 copies @ Rs.400 from Kalyani Publishers for Cash	8,000
28.1.2015	10 copies of Financial Accounting books sold to Rajan & Co. @ Rs.320 for cash	3,200
31.1.2015	5 copies of Cost l Accounting books sold to Rajan & Co. @ Rs.320 for cash	2150

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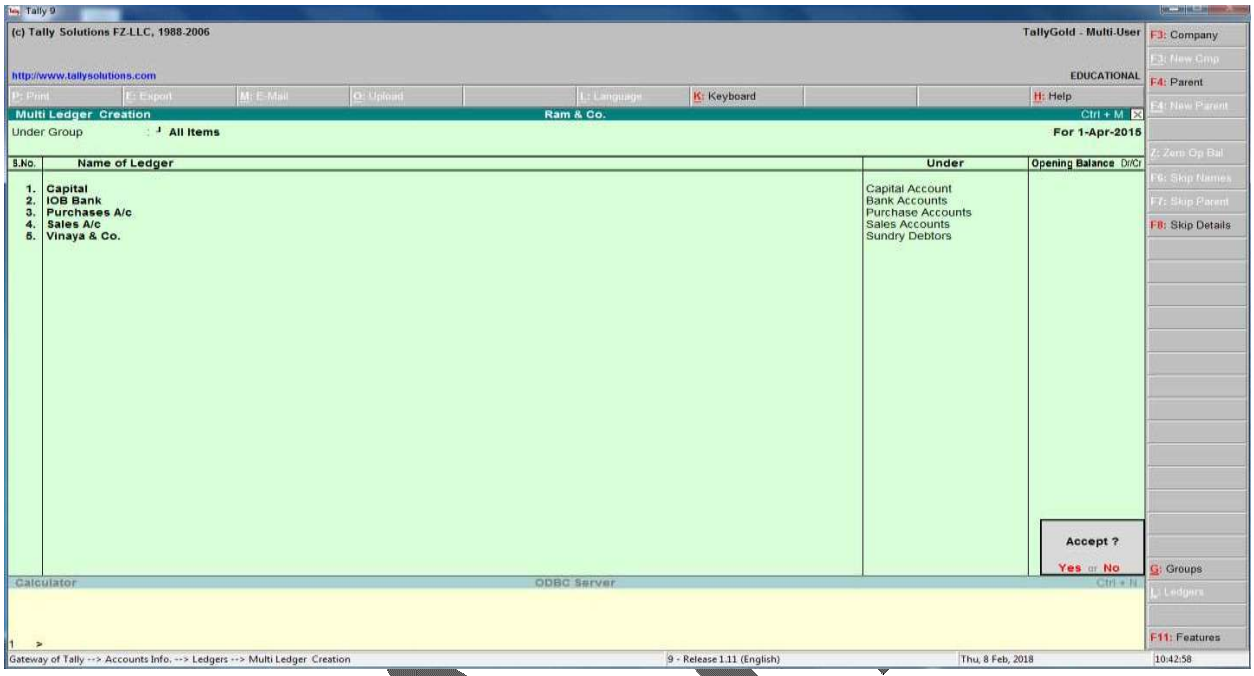
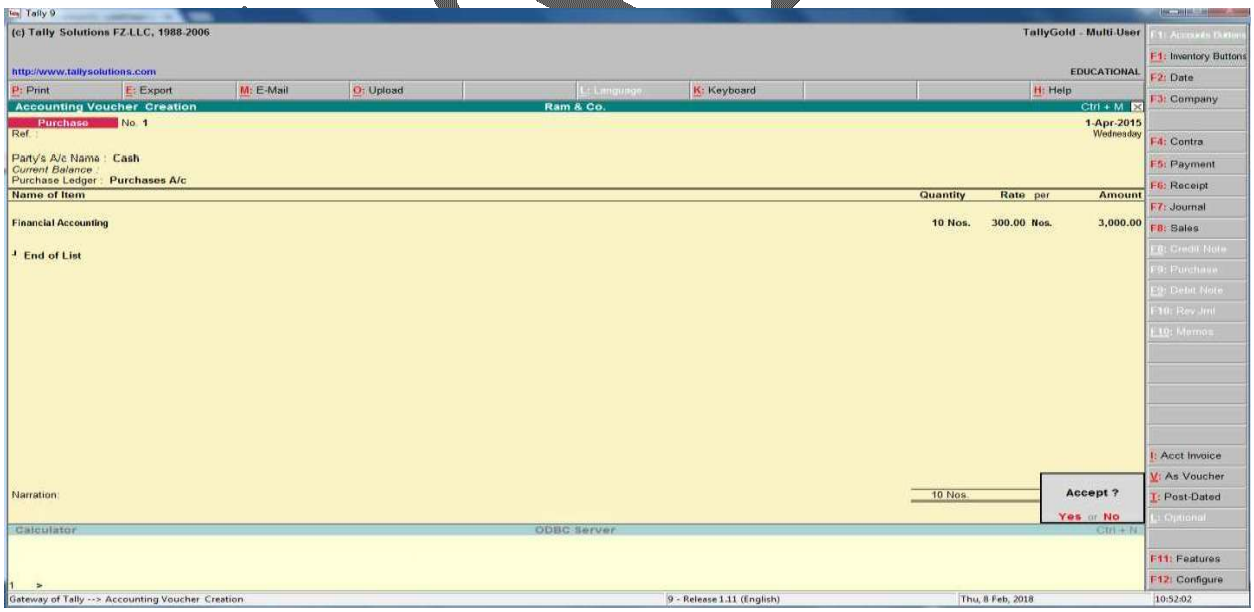
CLASS: II BCOM CA COURSE NAME: COST ACCOUNTING (PRACTICAL)
COURSE CODE: 16CCU411 PROGRAM: 6 BATCH-2016-2019

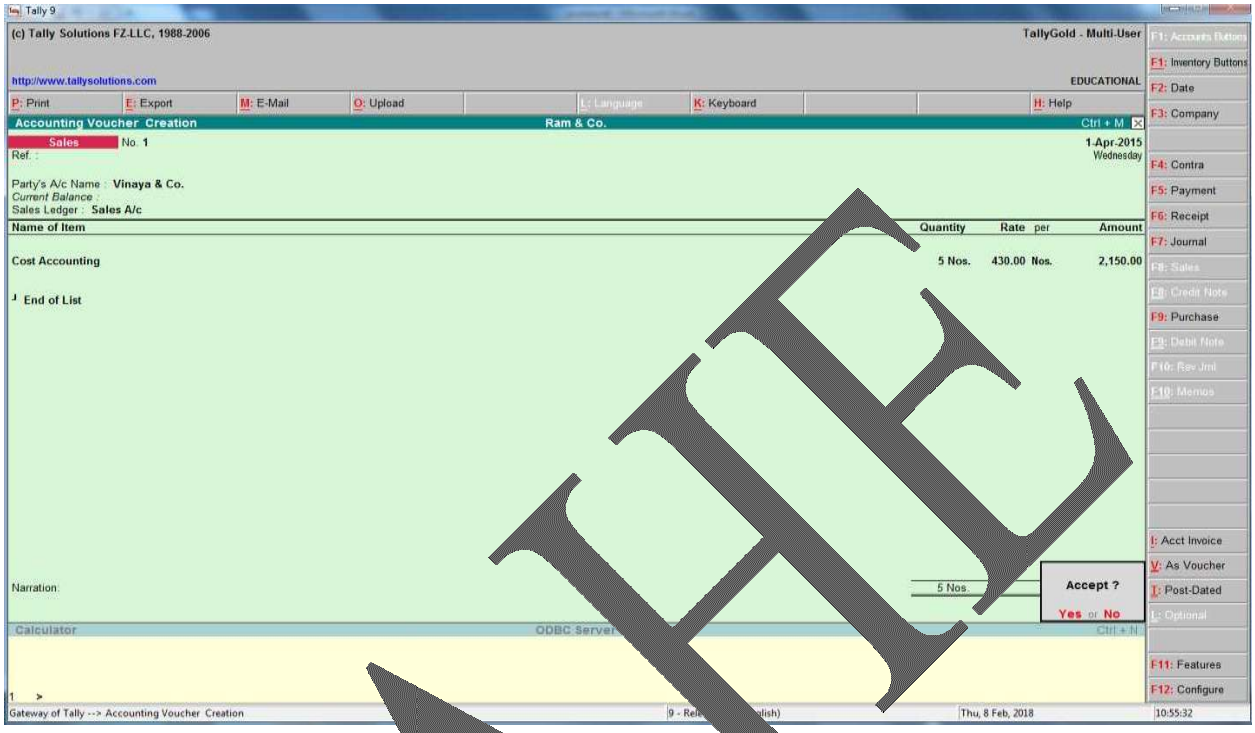
OUTPUT

LEDGER CREATION



VOUCHER CREATION WITH INVENTORY DETAILS





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Result:

Thus the program has been executed successfully and the output is verified.

PROGRAM: 8

BACKUP AND RESTORE COMPANY INFORMATION

Aim:

To Take Backup and Restore the Company Data

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Choose Create Company from Gateway of Tally →Press **Alt+F3 F3** using the keyboard.

Step 3: Select **Backup**.

Step 4: In the **Backup Companies on Disk screen**, by default the cursor is at the **Name of Company.** Press **Backspace** to change the **Source** or the **Destination**.

Step 5: Select the companies for which backups have to be taken from the **List of Companies**. To stop selecting the companies, select **End of List**.

Step 6: Press **Y** or **Enter** button to confirm at '**Accept? Yes or No'** to continue taking the Backup

Step 7: Choose Create Company from Gateway of Tally →Press **Alt+F3** using the keyboard.

Step 8: Select **Restore**

Step 9: In the **Restore Companies on Disk** screen provided the paths.

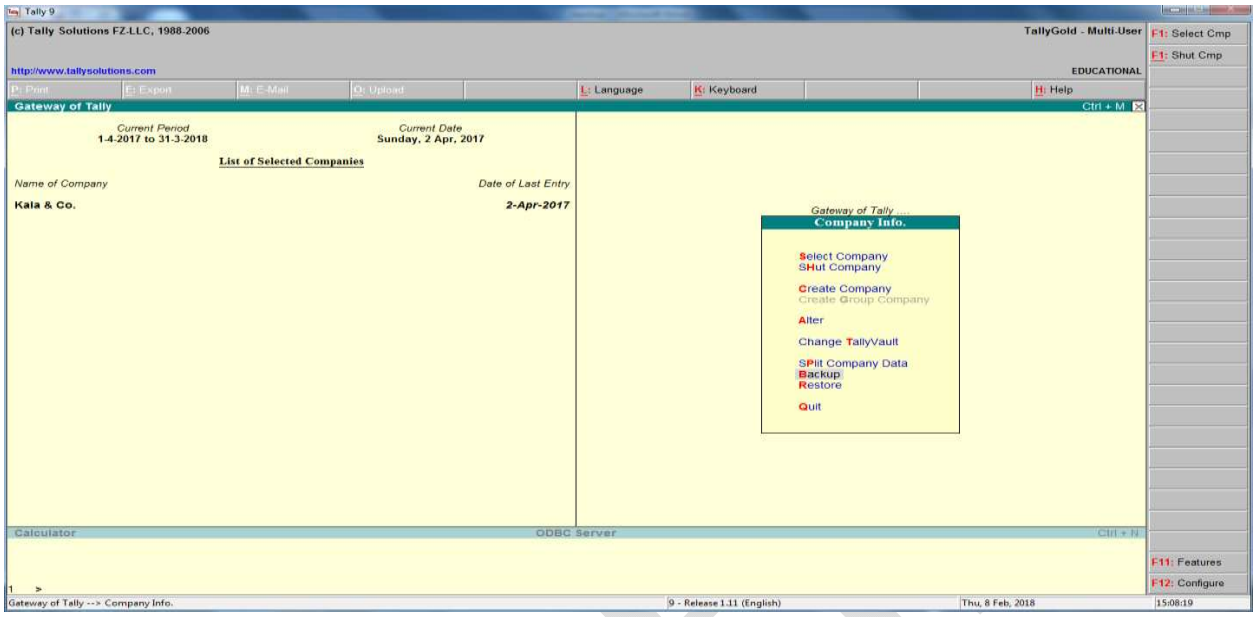
Step10: Select the name of the company from the **List of Companies,** for the data to be restored → Select **End of List** to stop selecting the companies.

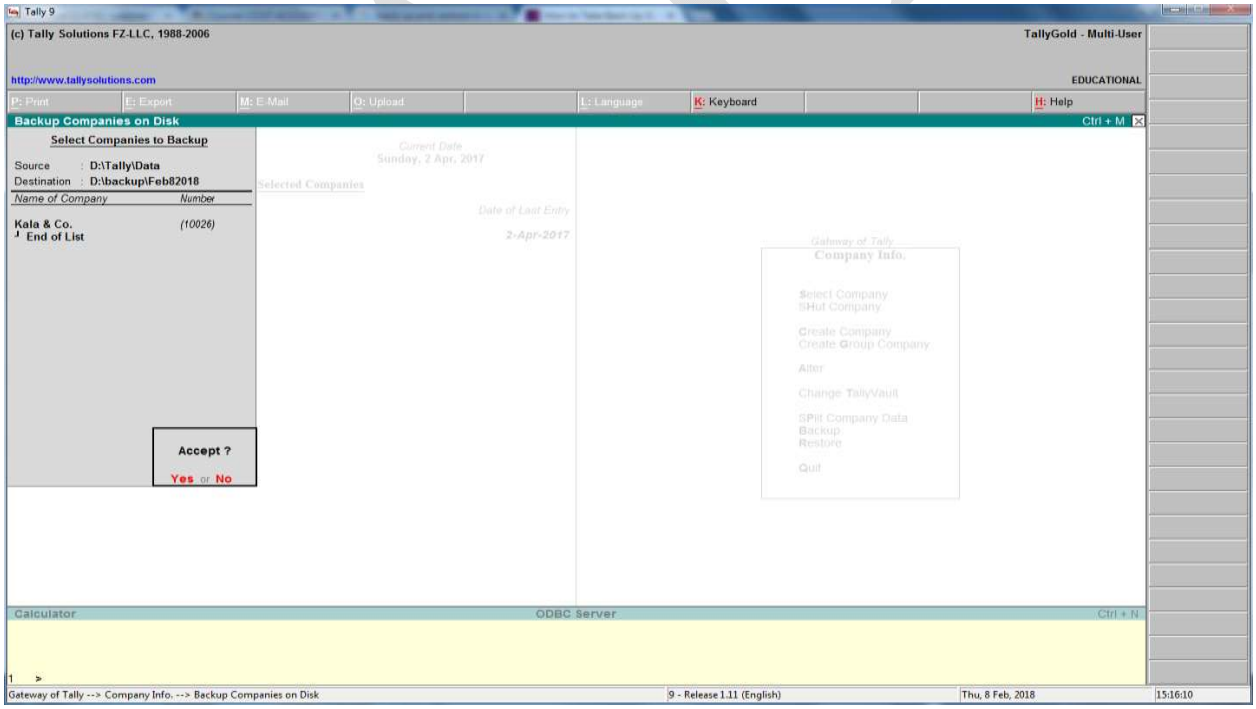
Step 11: **Press Y** or the **Enter** button in response to the query **'Accept? Yes or No'**

Step 12: The **Restore Companies** screen displays the status of the data being restored.

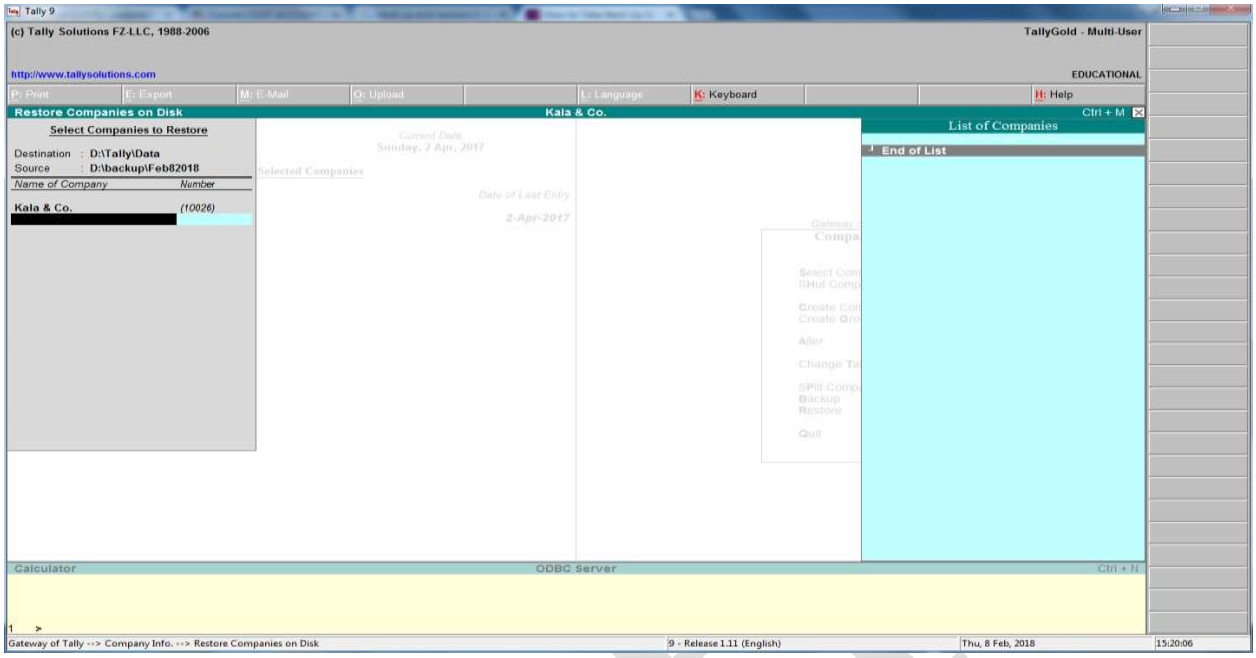
OUTPUT

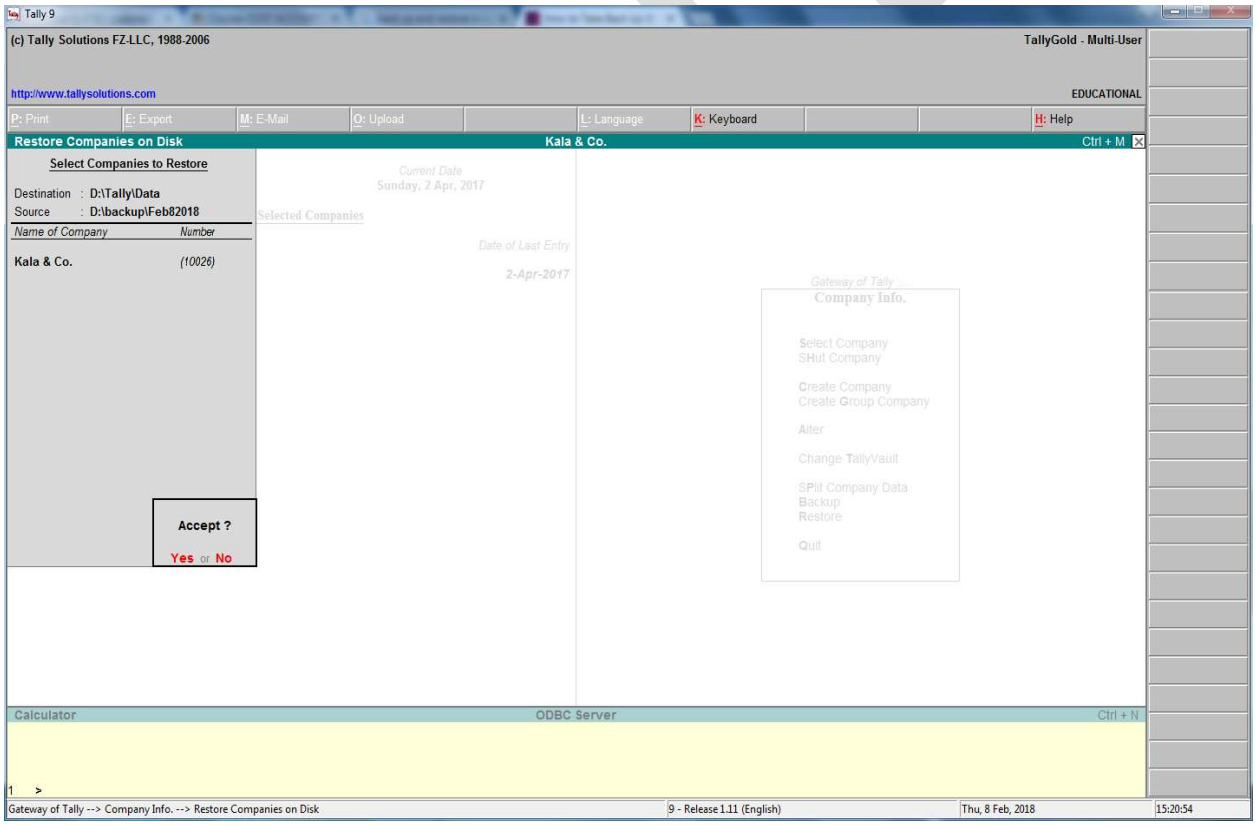
TACKING BACKUP OF COMPANY DATA

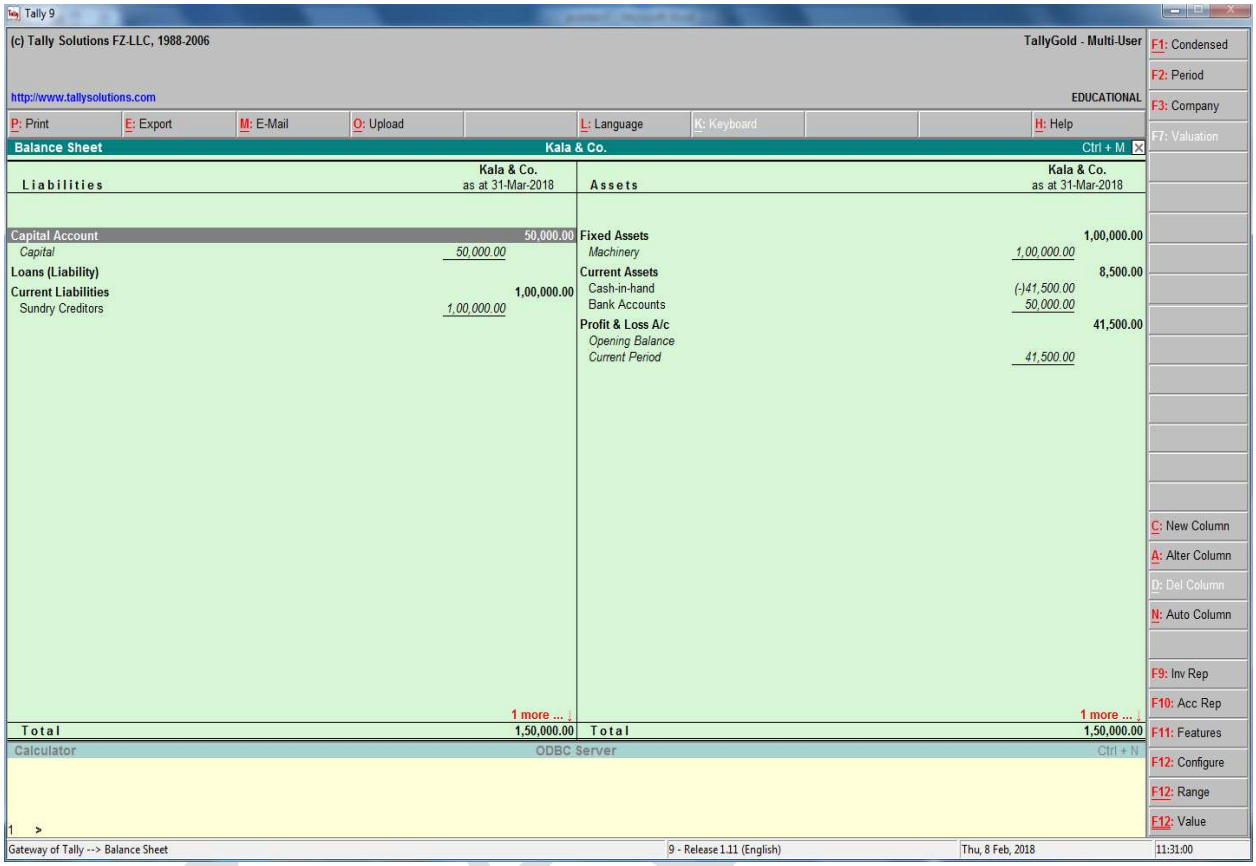




RESTORE COMPANY DATA







Result:

Thus the program has been executed successfully and the output is verified.

PROGRAM: 7

PREPARATION OF REPORTS

1. **Profit and Loss A/c**
2. **Balance Sheet**
3. **Bank Reconciliation Statement**
4. **Ledgers**
5. **Ratio Analysis**

Aim:

To Create the Stock Groups, Items and Voucher Creation with Inventory Details

Algorithm:

Step 1: Start → All programs → Tally 9.1 or double click on the Tally icon on the desktop

Step 2: Choose Create Company from Gateway of Tally →Accounts with inventory info →Create company.

Step 3: Select Inventory Info from Gateway of Tally →Stock Groups → Create→ Multiple group creation screen appears to enter the list of group enter the specific name.

Step 4: Select Inventory Info from Gateway of Tally →Units of Measure→ Create→ Unit creation screen appears to enter the list of units enter the specific name.

Step 5: Select Inventory Info from Gateway of Tally →Stock Items→ Create→ Multiple Stock Items creation screen appears to enter the list of items enter the specific name.

Step 6: Create voucher entries with inventory details.

Step 7**: To view ratio analysis**

Gateway of Tally→ ratio analysis.

Step 8: **To view Profit & loss a/c**

Gateway of Tally→ Profit & loss a/c

Step 9: **To view Balance sheet**

Gateway of Tally→ Balance sheet

Step 10: **To view Bank Reconciliation Statement**

Gateway of Tally→Display→ Ledgers→Press Alt+F2(To change period→Press F5 for Reconciliation→Insert Bank Date→and then accept it press "Yes".

Step 11: Stop the process.

PREPARATION OF REPORTS

- Profit & Loss a/c
- Balance Sheet
- Bank Reconciliation Statement
- Ledgers
- Ratio Analysis

From the following information prepare the above stated reports

Date	Particulars	Amount (Rs.)
01.1.2017	Kala started business with	2,00,000
04.1.2017	Goods purchased from Rajeev	50,000
05.1.2017	Machinery Purchased from Ragav	1,00,000
07.1.2017	Stationery Purchased	500
10.1.2017	Goods sold for Cash	60,000
15.1.2017	Cash deposited into Bank	50,000
20.1.2017	Interest received	10,000
24.1.2017	Discount Received	2000
25.1.2017	Rent paid	5,000
30.1.2017	Wages paid	8,000
31.1.2017	Salary Paid	50,000

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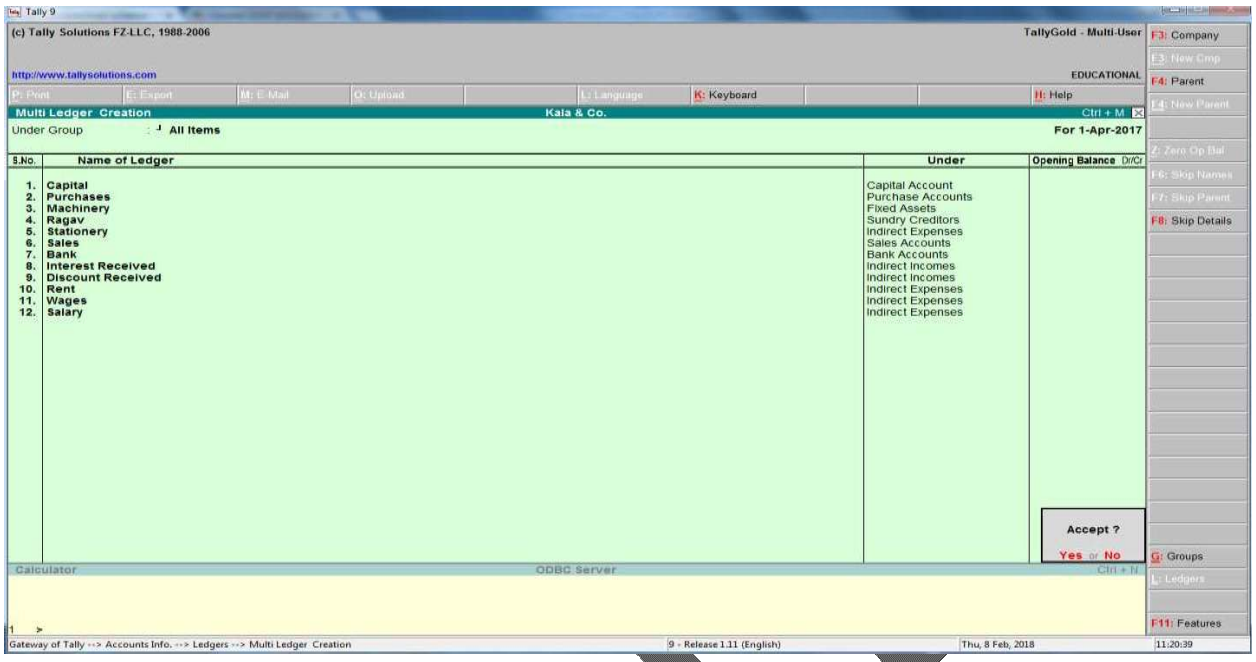
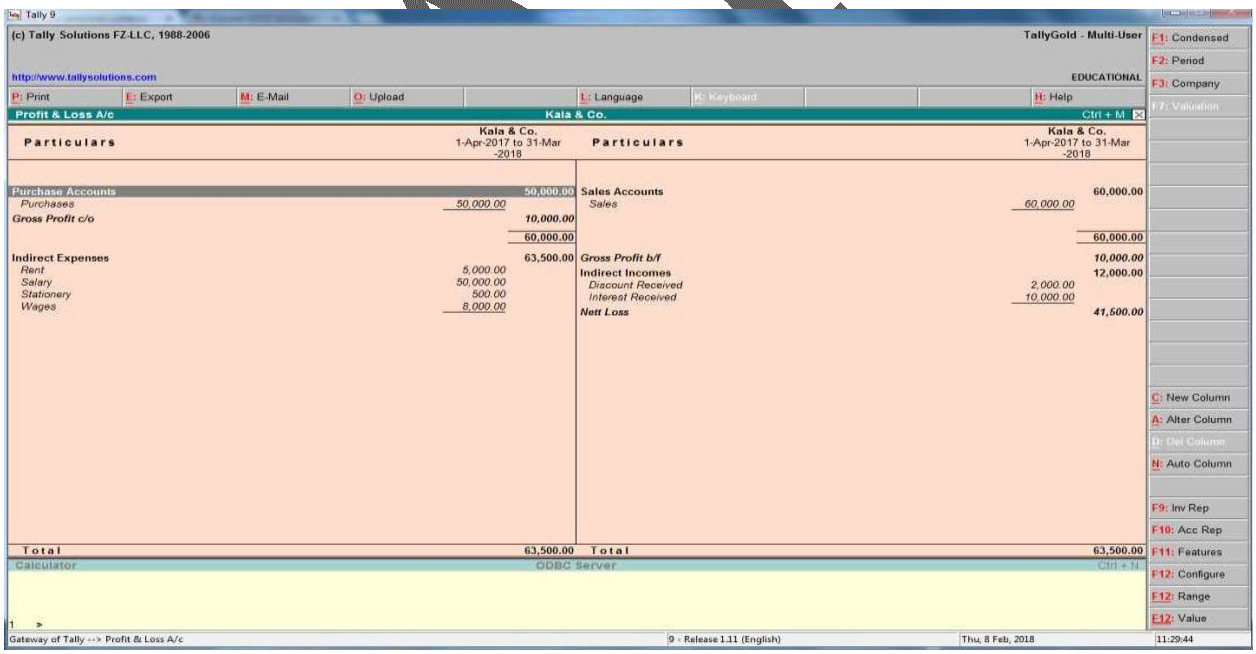
OUTPUT

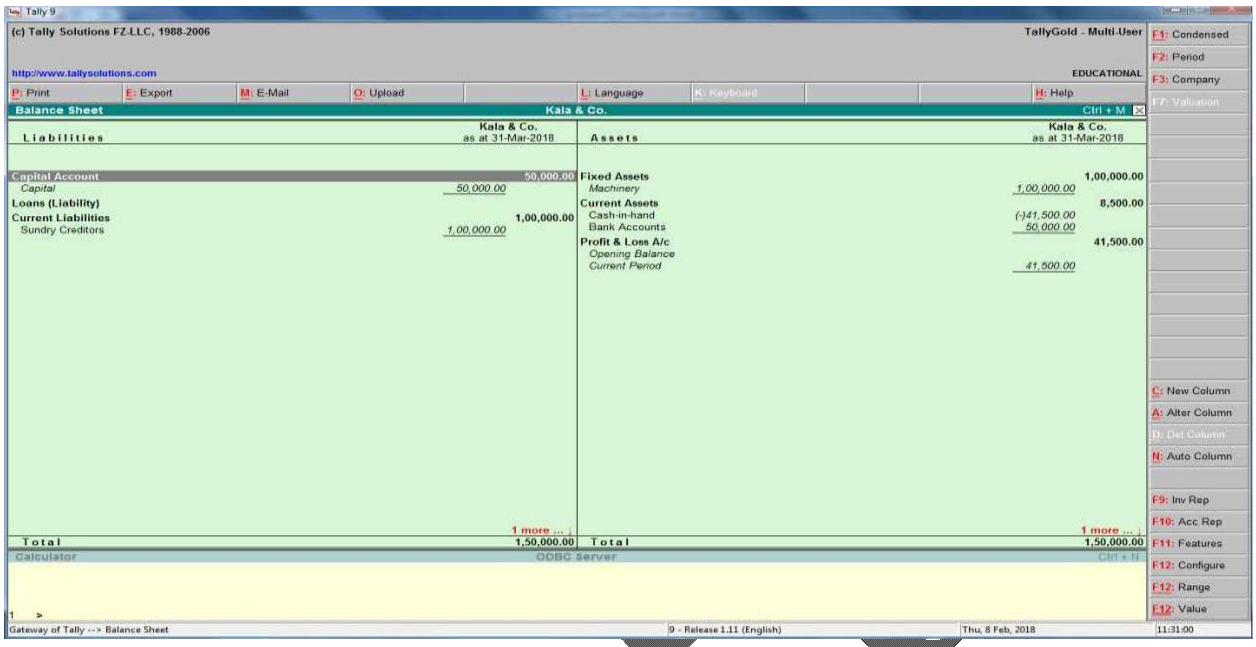
LEDGER CREATION



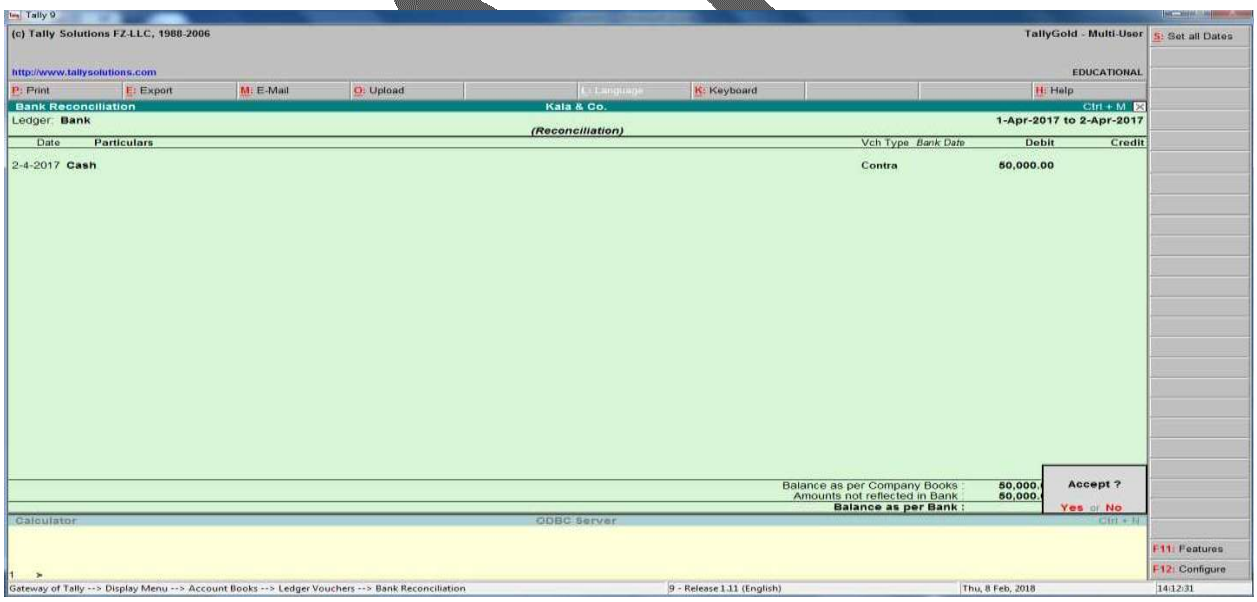
PROFIT AND LOSS ACCOUNT



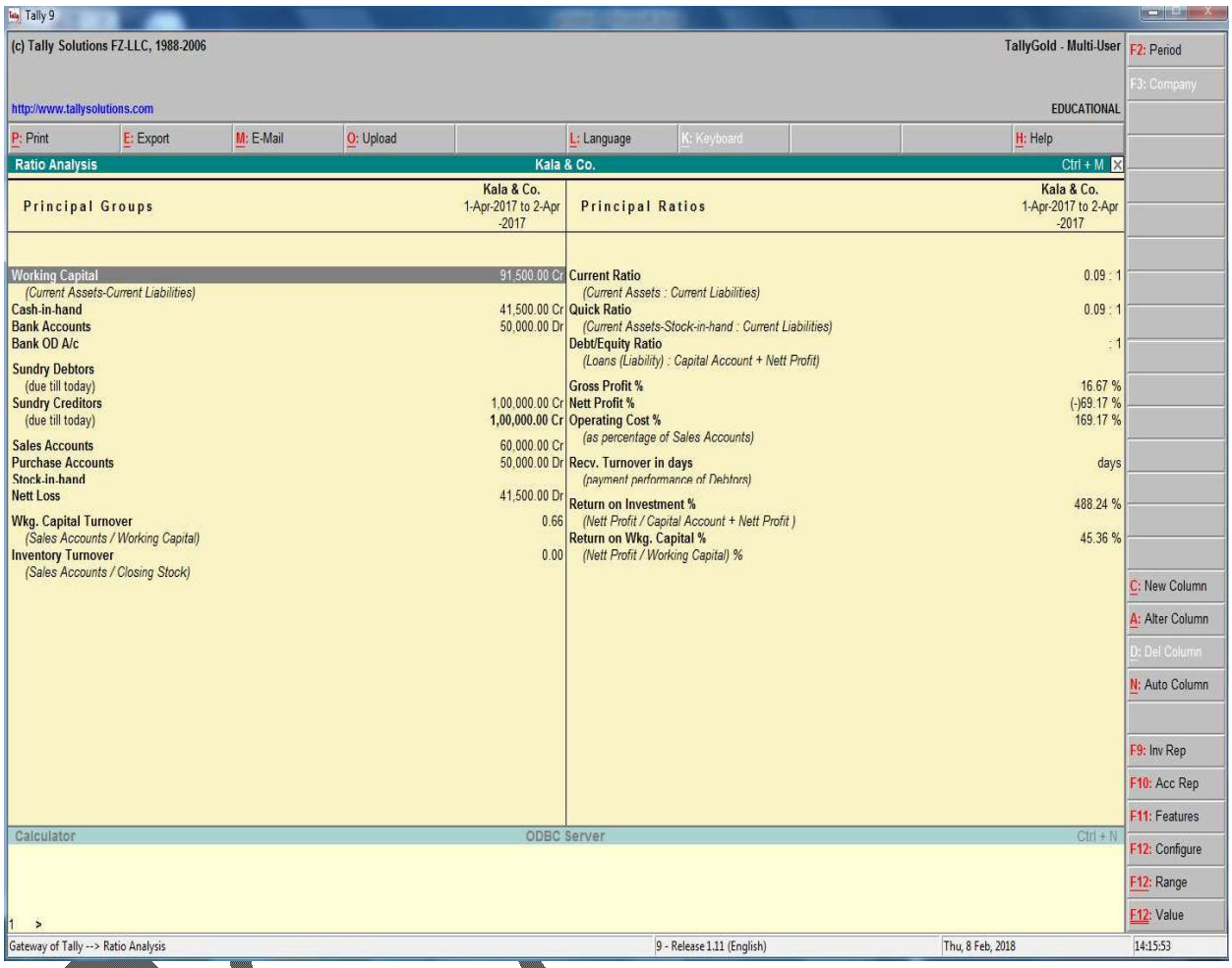
BALANCE SHEET



BANK RECONCILIATION STATEMENT



RATIO ANALYSIS



Result:

Thus the program has been executed successfully and the output is verified.