

## 1. COST SHEET

## ASSIGNMENT SOLUTIONS

## PROBLEM NO. 1

## i) Cost Sheet:

Output: 4,000 units

Particulars	Total Cost (Rs.)	Cost per unit (Rs.)
Raw materials	1,80,000	45.00
Direct wages	90,000	22.50
Prime cost	2,70,000	67.50
<b>Add:</b> Factory overheads (10,000 hrs × Rs.8 per hour)	80,000	20.00
Cost of Production	3,50,000	87.50
<b>Less:</b> Closing Stock of finished goods (4,000 - 3,600 units)	(35,000)	--
Cost of Goods Sold	3,15,000	87.50
<b>Add:</b> Administration overheads	35,000	8.75
<b>Add:</b> Selling Overheads (3,600 units × Rs.5 unit)	18,000	5.00
Cost of sales (total Cost)	3,68,000	101.25

## ii) Statement of Profit:

Particulars	Total Cost (Rs.)
Sales revenue (3,600 units @ Rs.125)	4,50,000
<b>Less:</b> Cost of sales	3,68,000
<b>Profit</b>	82,000

## PROBLEM NO. 2

Statement of Cost of Arnav Ispat Udyog Ltd. for the year ended 31st March, 20X8:

S.No.	Particulars	Amount (Rs.)	Amount (Rs.)
(i)	Material Consumed:		
	- Raw materials purchased	10,00,00,000	
	- Freight inward	11,20,600	
	<b>Add:</b> Opening stock of raw materials	18,00,000	
	<b>Less:</b> Closing stock of raw materials	(9,60,000)	10,19,60,600
(ii)	Direct employee (labour) cost:		
	- Wages paid to factory workers	29,20,000	
	- Contribution made towards employees' PF & ESIS	3,60,000	
	- Production bonus paid to factory workers	2,90,000	35,70,000
(iii)	Direct expenses:		
	- Royalty paid for production	1,72,600	
	- Amount paid for power & fuel	4,62,000	
	- Amortised cost of moulds and patterns	4,48,000	
	- Job charges paid to job workers	8,12,000	18,94,600
	<b>Prime Cost</b>		10,74,25,200
(iv)	Works/ Factory overheads:		
	- Stores and spares consumed	1,12,000	
	- Depreciation on factory building	84,000	
	- Depreciation on plant & machinery	1,26,000	
	- Repairs & Maintenance paid for plant & machinery	48,000	
	- Insurance premium paid for plant & machinery	31,200	
	- Insurance premium paid for factory building	18,100	
	- Insurance premium paid for stock of raw materials & WIP	36,000	
	- Salary paid to supervisors	1,26,000	
	- Expenses paid for pollution control and engineering & maintenance	26,600	6,07,900
	<b>Gross factory cost</b>		10,80,33,100

	<b>Add:</b> Opening value of WIP		9,20,000
	<b>Less:</b> Closing value of WIP		<u>(8,70,000)</u>
	<b>Factory Cost</b>		10,80,83,100
(v)	Quality control cost:		
	- Expenses paid for quality control check activities	19,600	
	- Salary paid to quality control staffs	<u>96,200</u>	1,15,800
(vi)	Research & development cost paid improvement in production process:		18,200
(vii)	Administration cost related with production:		
	- Expenses paid for administration of factory work	1,18,600	
	- Salary paid to Production control manager	<u>9,60,000</u>	10,78,600
(viii)	<b>Less:</b> Realisable value on sale of scrap and waste		(86,000)
(ix)	<b>Add:</b> Primary packing cost		<u>96,000</u>
	<b>Cost of Production</b>		10,93,05,700
	<b>Add:</b> Opening stock of finished goods		11,00,000
	<b>Less:</b> Closing stock of finished goods		<u>(18,00,000)</u>
	<b>Cost of Goods Sold</b>		<u>10,86,05,700</u>
(x)	Administrative overheads:		
	- Depreciation on office building	56,000	
	- Repairs & Maintenance paid for vehicles used by directors	19,600	
	- Salary paid to Manager- Finance & Accounts	9,18,000	
	- Salary paid to General Manager	12,56,000	
	- Fee paid to auditors	1,80,000	
	- Fee paid to legal advisors	1,20,000	
	- Fee paid to independent directors	2,20,000	
	- Interest and finance charges paid (assuming related with non-equity fund)	<u>7,20,000</u>	34,89,600
(xi)	Selling overheads:		
	- Repairs & Maintenance paid for sales office building	18,000	
	- Salary paid to Manager - Sales & Marketing	10,12,000	
	- Performance bonus paid to sales staffs	<u>1,80,000</u>	12,10,000
(xii)	Distribution overheads:		
	- Depreciation on delivery vehicles	86,000	
	- Packing cost paid for re-distribution of finished goods	1,12,000	<u>1,98,000</u>
	<b>Cost of Sales</b>		<u>11,35,03,300</u>

**Notes:** GST paid of purchase of raw materials would not be part of cost of materials as it is eligible for input credit.

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 To **MASTER MINDS**, Guntur

**THE END**