

# Problem No. 1

prepare from the following information a statement showing a material consumed, prime cost, factory cost, cost of production, Total cost & Net profit.

	Particulars	Rs.
	Stock of Raw material on 1.1.99	24,000
	Stock of Raw material on 31.12.99	31,400
	Purchases of Raw materials	32,000
F.O	Drawings office salary	3,200
O.O	Counting house salary	6,000
	Carriage inwards	2,800
S.D	Carriage outwards	2,100
S.D	Bad debts written off	2,000
	Rent, Rates, Taxes & Insurance - Factory	4,200
	————— " ————— - office	1,500
Direct Labour	Productive wages	60,500
	Depreciation written off	
F.O.	P. & M	3,200
O.O	Office furniture	150
	Gas & Water - Factory	800
	————— " ————— - office	300
S.D.	Travelers salaries & commission	2,400
S.D.	Advt. & samples	2,000
S.D.	Maintenance of delivery motor van	2,000
S.D.	Rent of Ware house	1,200
O.O.	Printing & stationery	1,200
	Telephone charges - Factory	800
	————— " ————— - office	1,200
	Sales	2,72,500

Cost Sheet

	Rs.	Rs.
	24,000	
Op. stock of Raw material		
<u>Add:</u> Purchases of raw material	92000	
Carriage inward	2300	94,300
		<u>1,18,300</u>
<u>Less:</u> closing stock of raw material		31,400
		<u>Material Consumed</u> 86,900
		<del>86,900</del>
<u>Add -</u> Direct wages/productive wages	60,500	60,500
		<u>prime cost</u> 1,47,400
		<del>1,47,400</del>
<u>Add -</u> <u>Factory Overheads / Works Overheads</u>		
Drawings office salary	3200	
Rent, Rates, Taxes & Insurance	4,200	
Depr. written off of P & M	3,200	
Gas & water	800	
Telephone charges	800	<del>12,800</del>
		<u>Factory/works factory cost on cost</u> 12,200
		Factory cost 1,59,600
<u>Add -</u> <u>Office Overheads / Administrative overhead</u>		
Accounting house salary	6000	
Rent, Rates, Taxes & Insurance	1,500	
Depr. written off of office building	150	
Gas & water	300	
Printing & stationery	1200	
Telephone charges	1200	10,350
		<u>Cost of production</u> 1,69,950
		<del>1,69,950</del>

Add - Selling & Distribution overhead

Carriage outward	2100	
Bad debts written off	2000	
Travellers salaries & Commission	2400	
Advertisement & Samples	2000	
Maintenance of Delivery van	2000	
Rent of Ware house	1200	11700
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Total Cost of Sales		1,81,650

Add: Profit (Bal. fig.) 90,850

Sales 2,72,500

**Thank u**