

Problem No. 5

Illustration 5 : Prepare a Cost Sheet from the details given below :

	Rs.
Inventories (opening)	
Finished Stock	80,000
Raw Materials	1,40,000
Work-in-Progress	2,00,000
Office Appliances	17,400
Plant & Machinery	4,60,500
Buildings	2,00,000
Raw Materials Purchased	3,20,000
Freight paid on Raw Materials Purchased	16,000
Purchases Returns	4,800
Sales	7,68,000

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Sales Returns	14,000
Direct Wages	1,60,000
Indirect Wages	18,000
Factory Supervision	10,000
Repairs and upkeep-Factory	14,000
Heat, Light and Power	65,000
Rate & Taxes	6,300
Sundry Factory Expenses	18,700
Sales Commission	33,600
Sales Travelling	11,000
Sales Promotion	22,500
Distribution Dept. - Salaries and Expenses	18,000
Office Salaries and Expenses	8,600
Income-tax Paid	5,400
Dividend Paid	5,000
Closing Inventories	
Finished Goods	1,15,000
Raw Materials	1,80,000
Work-in-Progress	1,92,000
Accrued Expenses	
Direct Labour	8,000
Indirect Labour	1,200

Depreciation to be provided as under :

Office Appliances @ 5%; Plant & Machinery @ 10% and Building @ 4%.

Distribute the following costs :

Heat, Light and Power of Factory, Office and Distribution in the ratio 8 : 1 : 1.

Rates and Taxes two-third to Factory and one-third to office.

Depreciation on Building to Factory, Office and Selling in the ratio 8 : 1 : 1.

Solution :

Cost Sheet

Particulars	Rs.	Rs.
Opening Stock of Raw Materials	1,40,000	
Purchases of Raw Materials	3,20,000	
<i>Less : Returns</i>	<u>4,800</u>	
Freight on Purchases	16,000	
	4,71,200	
<i>Less : Closing Stock of Materials</i>	<u>1,80,000</u>	
		2,91,200
		Materials Consumed
Direct Wages		1,68,000
		Prime Cost
		4,59,200
Works Overhead :		
Indirect Wages	19,200	
Factory Expenses (Sundry)	18,700	
Factory Supervision	10,000	
Repairs and upkeep (Factory)	14,000	
Depreciation of Plant & Machinery	46,050	
Depreciation of Building (8,000 x 4/5)	6,400	
Heat, Light & Water (65,000 x 4/5)	52,000	
Rates & Taxes (6,300 x 2/3)	4,200	
		1,70,550
		6,29,750
<i>Add : Opening Work-in-Progress</i>		<u>2,00,000</u>
		8,29,750
<i>Less : Closing Work-in-Progress</i>		<u>1,92,000</u>
		6,37,750
		Works Cost

Add : Administrative or Office Overhead		
Office Salaries and Expenses	8,600	
Heat, Light & Power (65,000 x 1/10)	6,500	
Rates & Taxes (6,300 x 1/3)	2,100	
Depreciation of Office Appliances	870	
Depreciation of Building (8,000 x 1/10)	800	18,870
		Cost of Production
		6,56,620
Add : Opening Stock of Finished Goods		80,000
		7,36,620
Less : Closing Stock of Finished Goods		1,15,000
		Cost of Goods Sold
		6,21,620
Add : Selling & Distribution Overhead		
Sales Commission	33,600	
Sales Travelling	11,000	
Sales Promotion	22,500	
Depreciation of Building (8,000 x 1/10)	800	
Distribution Deptt. Salaries & Expenses	18,000	
Heat, Light & Power (65,000 x 1/10)	6,500	92,400
		Total Cost or Sales Cost
		7,14,020
Sales	7,68,000	
Less : Returns	14,000	7,54,000
		Net Profit
		39,980

(Note : Income-tax and dividend are not taken into account.)

Thank u