

Problem No. 6

Illustration 7 : Given below are the details of manufacturing of Nandkishore Paper Manufacturing Co. Ltd. for the month of August 2001.

Direct Materials

Paper pulp 2,000 tons @ Rs. 50 per ton.

Others 400 tons @ Rs. 30 per ton

Direct Labour

200 skilled workers @ Rs. 4 per day for 25 days

150 semi-skilled workers @ Rs. 3 per day for 20 days.

100 unskilled workers @ Rs. 2 per day for 25 days.

Direct Expenses

Special equipment Rs. 20,000

Special days Rs. 7,000

Works Overheads

Variable @ 100% and fixed @ 50% on direct wages.

Office and Administrative Overheads

10% on works cost.

Selling and Distribution Overheads

25% on works cost

Sales of manufacturing waste realised Rs. 5,000.

Profit - 10% on selling price.

Finished paper manufactured 2,000 tons.

There was no work-in-progress either at beginning or at the end of the month. The scrap value of special equipment was Rs. 2,000 after utilisation in the manufacturing.

Prepare a cost-sheet showing the cost and selling rate per ton of paper manufactured under the following division of cost.

(a) Prime cost ; (b) Works cost

(c) Total cost ; (d) Selling price

Solution :

Cost Sheet of Special Paper

Particulars	2000 tons		Per Ton Rs.
	Rs.	Rs.	
Direct Material Consumed			
Paper pulp 2000 Tons @ Rs. 50 per Ton	1,00,000		
Other material 400 Tons Rs. 30 per Ton	12,000	1,12,000	56.00
Direct Labour			
200 skilled workers @ Rs. 4 per day for 25 days	20,000		
150 semi-skilled workers @ Rs. 3 per day for 20 days	9,000		

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100 unskilled workers @ Rs. 2 per day for 25 days	5,000	34,000	17.00
Direct Expenses			
Special Equipment	18,000		
Special Days	7,000	25,000	12.50
Prime Cost		1,71,000	85.50
Works Overhead			
Variable - 100% of Direct Wages	34,000		
Fixed - 50% of Direct Wages	17,000	51,000	25.50
		2,22,000	111.00
<i>Less : Sales of Waste</i>		5,000	2.50
Works Cost		2,17,000	108.05
Office & Administrative Overhead			
10% on Works Cost		21,700	10.85
Cost of Production		2,38,700	119.35
Selling & Distribution Overhead			
25% on Works Cost		54,250	27.12
Total Cost		2,92,950	146.47
Profit 10% on Selling Price		32,550	16.28
Sale		3,25,500	162.75

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Thank you