

**1. Solution:**

Particulars	Amount	CPU
Raw material consumed	70,656	
+Direct wages	60,000	
Prime cost	1,30,656	
+Factory overheads		
Indirect material	3,600	
Indirect wages	5,400	
Power fuel	5,400	
Factory cost total	1,45,056	
+Opening WIP	2880	
-Closing WIP	(9600)	
Factory cost (net)	1,38,336	
+Office and administration		
Salaries	7200	
Insurance	600	
Printing stationery	1200	
Legal charges	864	
Office rent	1200	
Cost of production	1,49,400	15.56
+Opening FG	9,750	16.25
-Closing FG	<b>(18,672)</b>	15.56
Cost of goods sold	1,40,478	15.56
+profit	39,522	
<b>Sales</b>	<b>1,80,000</b>	

**2. Solution:**

Particulars	2008	CPU	2009	CPU
Quantity	10,000		15,000	
Raw material consumed	2,50,000	25	3,75,000	25
+Direct wages	1,50,000	15	2,25,000	15
+direct expense	-	-	-	-
Prime cost	4,00,000		6,00,000	
+Factory overheads				
Fixed cost	1,00,000		1,20,000	
Variable	2,00,000	20	3,30,000	22
+Administration overheads	1,00,000		1,20,000	
Cost of production	8,00,000		11,70,000	
+Selling and distribution				
Fixed	60,000		72,000	
Variable	90,000	9	1,48,500	9.9
Total cost	9,50,000		13,90,500	
+profit	2,50,000		4,09,500	
Sales	12,00,000	120	18,00,000	120

3. Solution :

Particulars	31-12-2008	CPU	31-12-2009	CPU
Quantity sold	2500		3000	
Raw material consumed	75,000	3	94,000	33
+direct wages	30,000	12	45,000	15
+direct expense	25,000	10	30,000	
Prime cost	1,30,000		1,74,000	
+Factory overheads	40,000	16	60,000	
Work cost	1,70,000		2,34,000	
+Administration overheads				
Office salary	25,000		25,000	
Office rent	12,000		6,000	
Cost of production	2,07,000		2,65,000	
+Selling & distribution overheads	12,500	5	15,000	5
Total cost	2,19,500		2,80,000	
+profit	30,500		70,000	
<b>Sales</b>	<b>2,50,000</b>		<b>3,50,000</b>	

4. Solution :

Particulars	June to July	CPU	August to December	CPU
Raw material consumed	7,00,000	20	10,00,000	20
+direct wages	4,20,000	12	6,00,000	12
+direct expense	70,000	2	1,00,000	2
Prime cost	11,90,000		17,00,000	
+Overheads				
Fixed	1,75,000		1,25,000	
Variable	5,60,000	16	8,00,000	16
Semi variable	52,500		62,500	
Total cost	19,77,500		26,87,500	
+ Profit	4,37,500		3,62,500	
<b>Sales</b>	<b>24,15,000</b>	<b>69</b>	<b>30,50,000</b>	<b>61</b>

5. Solution:

Swadeshi electronics Ltd.

Cost sheet for the year ended 31<sup>st</sup> march 2007

Particulars	Total cost	Per unit	Total cost	Per unit
Direct materials	3,30,000	22	3,96,000	19.8
Direct wages	2,70,000	18	2,88,000	14.4
Prime cost	6,00,000	40	6,84,000	34.2
Factory overheads	2,25,000	15	2,85,000	14.25
Works cost	8,25,000	55	9,69,000	48.45
Administrative overheads	1,05,000	07	63,000	3.15
Cost of production	9,30,000	62	10,32,000	51.6
Sales overheads	90,000	6	1,20,000	6
Cost of sales	10,20,000	68	11,52,000	57.6
Profit	2,55,000	17	2,08,000	10.4
Sales	12,75,000	85	13,60,000	68

6. Solution :

Particulars	A	B
Reorder Level	2700 units (450 x 6)	1800 units (450 x 4)
Minimum Level	1200 units [2700 - (300x5)]	900 units [1800 - (300x3)]
Maximum Level	4500 units [2700 + 2400 - (150x4)]	5100 units [1800 + 3600 - (150 x 2)]

Average Stock Level [Min. Level + Max. Level] / 2 <b>OR</b>	2850 units [4500 + 1200] / 2	3000 units [5100 + 900] / 2
[Min. Level + A Re-order Quantity]	2400 units 1200 + A (2400)	2700 units 900 + A (3600)