

CHAPTER-1

COST SHEET

Ans. 1.

Statement showing present Profit & Revised S.P.

	Present	Revised
Direct Material	0.5 x	0.575x
Direct Labour	0.2x	0.250x
Overheads	0.3 x	0.300x
Total cost	x	1.125x
+ Profit	y	0.75y
Selling Price	45,000	45,000
X + y = 45,000 (1)		
1.125x + 0.75y = 45,000 (2)		

On solving above two equation. We get x = 30,000 and y = 15,000.

Statement Showing Present Profit and Revisal selling price per Article.

	Present	Revised
Direct Material	15,000	17,250
Direct Labour	6,000	7,500
Overheads	9,000	9,000
Total Cost	30,000	33,750
+ Profit	15,000	16,875
Selling Price	45,000	50,625

We have to maintain same profit % on S.P. as before.

Profit is 1/3 on S.P. = 1/2 on cost price and in revised statement also we have to take profit 1/2 on cast price.

Ans. 2.

Cost Sheet for the year ending

Production & Sales	1,000 Units		1,500 Units	
	Total	P.U.	Total	P.U.
Direct Material	2,00,000	200	3,30,000	220
Direct Labour	1,50,000	150	2,70,000	180
Prime Cost	3,50,000	350	6,00,000	400
Add : Factory Overheads				
Fixed	50,000	50	50,000	33.33
Variable	87,500	87.5	1,50,000	100
Factory Cost	4,87,500	487.5	8,00,000	533.33
Add : Office & Administrative Overheads	60,000	60	1,00,000	66.67
Cost of Production	5,47,500	547.5	9,00,000	600
Add : Selling & Distribution Overheads	73,000	73	90,000	60
Cost of Sales	6,20,500	620.50	9,90,000	660
Add : Profit (1/4 on cost)	?	?	2,47,500	165
Sales	?	?	12,37,500	825

Working Note :

(1) Direct Material

Cost P.U. in Last Year	200
+ Price Increase 25%	50
	250
- Consumption decrease 12%	30
	220

(2) Variable Factory Overheads

Prime Cost	Variable cost	
3,50,000	:	87,500
6,00,00	?	= 1,50,000

Ans. 3.

Cost Sheet

	100 units		500 Units	
	Total ₹	P.U.	Total	P.U.
Direct Material	13,000	130	65,000	130
Direct Labour	7,000	70	28,000	56
Direct Charges	1,000	10	5,000	10
Prime Cost	21,000	210	98,000	196
Add : Work on Cost				
Variable	2,800	28	14,000	28
Fixed	4,200	42	7,200	14.4
Factory/ works cost	28,000	280	1,19,200	238.4
Add: Office on cost	2,800	28	3,500	7
Cost of Production	30,800	308	1,22,700	245.4
Add : Selling on Cost				
Variable	2,240	22.4	11,200	22.4
Fixed	960	9.60	1,200	2.4
Cost of Sales	34,000	340	1,35,100	270.20
+ Profit	5,000	50	19,868	39.74
Sales	39,000	390	1,54,968	309.94

Total Cost Profit

34,000 : 5,000

1,35,100 ? = 19,868

Ans. 4. Cost Sheet for the year ending 31.3.1989

Particulars	₹
Direct Material	9,00,000
Direct Wages	<u>7,50,000</u>
Prime Cost	16,50,000
Add : Factory Overheads	<u>4,50,000</u>
Factory Cost	21,00,000
Add : Administrative Overheads	<u>4,20,000</u>
Cost of production = C.O.G.S	25,20,000
Add : Selling & Distribution overheads	<u>5,25,000</u>
Cost of sales	30,45,000
Add : Profit	<u>6,09,000</u>
Sales	<u><u>36,54,000</u></u>

Working Note :

- (1) % of factory Overheads on direct wages
 = $\frac{\text{Factory Overhead}}{\text{Direct wages}} \times 100 = \frac{4,50,000}{7,50,000} \times 100$
 = 60%
- (2) % of Administration overheads on factory cost
 = $\frac{\text{Administration overheads}}{\text{Factory Cost}} \times 100 = \frac{4,50,000}{21,00,000} \times 100$
 = 20%
- (3) % of Selling & Distribution on factory cost
 = $\frac{\text{Selling & Distribution overheads}}{\text{Factory Cost}} \times 100$
 = $\frac{5,25,000}{21,00,000} \times 100 = 25\%$

Estimated Cost Sheet for the year ending 31.3.90

Particulars	₹
Direct Material	12,00,000
Direct Labour	<u>7,50,000</u>
Prime Cost	19,50,000
Add : Factory Overheads (60% of Direct Labour)	<u>4,50,000</u>
Factory Cost	24,00,000
Add : Administrative Overheads (20% of Factory Cost)	<u>4,80,000</u>
Cost of production = C.O.G.S.	28,80,000
Add: Selling & Distribution Overheads	
25% of factory Cost	6,00,000
+ Increase 15%	<u>90,000</u>
Cost of sales	<u>35,70,000</u>
Add : Profit (20% on cost)	<u>7,14,000</u>
Sales	<u><u>42,84,000</u></u>