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SEM II – Cost and Management Accounting I (U.G)

Chapter- Cost Sheet and job Costing

1.(a) From the following information prepare cost sheet for the year ended 31.12.18.

Raw material Rs 1,00,000
Direct labour Rs 50,000
Direct expenses 10,000
Production overhead 30,000
Administration overhead 38,000
Selling overhead 19,000
Distribution overhead 9,500
Profit 51,300

(b) On 15.1.19 the factory receives an order for which material , labour and expenses required Rs 10,000, 6,000 and 1,000 respectively. Calculate the sale price of the job when the rate of profit is same as in 2018.

(c) On 30.6.19 the factory receives another order for which material and labour and required Rs 20,000 and 10,000 respectively. Assuming that the rate of factory overhead has gone up by 10% , administration overhead has gone up by 25% , selling overhead has gone down by 20%. The factory intends to earn profit 20% more than that in 2018.

Calculate the sale price of the job

Solution :

(a) <u>Cost sheet for the year ended 31.12.18</u>	
Raw material	Rs 1,00,000
Direct labour	50,000
Direct expenses	10,000
	PRIME COST
	1,60,000
Add: Factory overhead	30,000
WORKS COST	1,90,000
Add: Administration overhead	38,000
COST OF PRODUCTION	2,28,000
Add: Selling overhead	19,000
Distribution overhead	9,500
COST OF SALES	2,56,500
Add : Profit	51,300
SALES	3,07,800

(b) <u>Job Cost sheet for the for the Job No.... (15.1.19)</u>	
Raw material	Rs 10,000
Direct labour	6,000
Direct expenses	1,000
	PRIME COST
	17,000
Add: Factory overhead (60% of 6,000)	3,600
WORKS COST	20,600
Add: Administration overhead (20% of 20,600)	4,120
COST OF PRODUCTION	24,720
Add: Selling overhead (10% of 20,600)	2,060
Distribution overhead (5% of 20,600)	1,030
COST OF SALES	27,810
Add : Profit (20% of 27,810)	5,562
SALES	33,372

Notes: Pre- determined rates for 15.1.19

(i). Percentage of factory overhead on wages = $\text{Factory overhead} / \text{wages} \times 100 = 30,000 / 50,000 \times 100 = 60\%$

(ii) Percentage of Administration overhead on Works cost = $\text{Administration overhead} / \text{Works cost} \times 100$
 $= 38,000 / 1,90,000 \times 100 = 20\%$

(iii) Percentage of Selling overhead on Works cost = $\text{Selling overhead} / \text{Works cost} \times 100$
 $= 19,000 / 1,90,000 \times 100 = 10\%$

(iv) Percentage of Distribution overhead on Works cost = $\text{Selling overhead} / \text{Works cost} \times 100$
 $= 9,500 / 1,90,000 \times 100 = 5\%$

(v) Percentage of Profit on Cost = $\text{Profit} / \text{Cost} \times 100 = 51,300 / 3,07,800 \times 100 = 20\%$

<u>Job Cost sheet for the for the Job No.... (30.6.19)</u>		
(c) Raw material		Rs 20,000
Direct labour		10,000
	PRIME COST	30,000
Add: Factory overhead (70% of 10,000)		7,000
WORKS COST		37,000
Add: Administration overhead (25% of 37,000)		9,250
COST OF PRODUCTION		46,250
Add: Selling overhead (8% of 37,000)		2,960
Distribution overhead (5% of 37,000)		1,850
COST OF SALES		51,060
Add : Profit (24% of 51,060)		12,254
SALES		63,314

Notes: Pre- determined rates for 30.6.19

- (i). Percentage of factory overhead on wages = $60\% + 10\% = 70\%$
- (ii) Percentage of Administration overhead on Works cost = $20\% + (25\% \text{ on } 20)\% = 20\% + 5\% = 25\%$
- (iii) Percentage of Selling overhead on Works cost = $10\% - (20\% \text{ on } 10)\% = 10\% - 2\% = 8\%$
- (iv) Percentage of Distribution overhead on Works cost = 5%
- (v) Percentage of Profit on Cost = $20\% + (20\% \text{ on } 20)\% = 20\% + 4\% = 24\%$