Problems on Cost Sheet

1. The following details have been obtained from the cost records of Comet Paints Ltd.

Stock of Raw materials on 1st Sept 2014	75,000
--do-- 30th Sept. 2014	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-Progress on 1st Sept. 2014	28,000
-Do- 30th Sept. 2014	35,000
Purchase of Raw material	66,000
Factory Rent, rates and Power	15,000
Depreciation of Plant and Machinery	3,500
Expenses on Purchase	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Travellers' wages and Commission	6,500
Stock of Finished Goods on 1st Sept. 2014	54,000
--do—30th Sept. 2014	31,000

Prepare a Cost Sheet.

2. From the following balances extracted at 31st March 2013, prepare a Cost Statement:

Stocks on 1-4-12			
Manufactured goods	97,400	Office salaries	94,000
Raw materials	30,000	Coal	57,900
Depreciation on plant & machinery	1,30,000	Carriage in	39,100
Discount allowed	37,400	Carriage out	23,300
Printing & stationery	9,300	General expenses	31,700
Purchase-manufactured goods	1,27,400	Factory rent & rates	2,27,100
Raw materials	8,72,600	Office rent & rates	65,000
Debtors	2,17,400	Manufacturing salaries & wages	11,02,900
Cash at bank	17,100	Travelling expenses	27,900
Repairs of machinery	25,000	Sales	29,94,200
Capital	7,78,200	Creditors	2,17,900

3. Following balances have been obtained from the book of Rivatex Ltd. For the year ended 31st December 2010:

Stock on 1st January 2010:			
i. Manufactured goods	974	Carriage inwards	391
ii. Raw materials	300	Office salaries	940
Depreciation of plant	1,300	Carriage outwards	233
Discount allowed	374	General expenses	317
Printing and stationery	93	Factory rent and rates	2,271
Purchase :		Manufacturing wage & salaries	11,029
i. Manufactured goods	1,274	Travelling expenses	279
ii. Raw materials	8,726	Sales	29,942
Repairs to plant	250	Stocks on 31st December, 2010:	2,794
Office rent and rates	650	Manufactured goods	200
Coal	579	Raw materials	100

Calculate :

(a) Cost of raw materials consumed, (b) Prime cost,
(c) Factory cost, (d) CoP (e) COS (g) Net profit

4. The following figures are extracted from the trial balance of Gogetter Company on 30th Sept. 2014:

Inventories:		
Finished stock	80,000	
Raw materials	1,40,000	
Work-in-Process	2,00,000	
Office appliances	17,400	
Plant & machinery	4,60,500	
Buildings	2,00,000	
Sales		7,68,000
Sales return and rebates	14,000	
Materials purchased	3,20,000	
Freight incurred on Materials	16,000	
Purchases return		4,800
Direct Labour	1,60,000	
Indirect labour	18,000	
Factory supervision	10,000	
Repairs and Upkeep – Factory	14,000	
Heat, Light and Power	65,000	
Rates and taxes	6,300	
Miscellaneous Factory expenses	18,700	
Sales commission	33,600	
Sales travelling	11,000	
Sales promotion	22,500	
Distribution dept -Salaries & expenses	18,000	
Office salaries and expenses	8,600	

Interest on Borrowed funds	2,000

Further details are available as follows :

1. Closing inventories:

Finished goods	1,15,000
Raw materials	1,80,000
Work-in-Process	1,92,000

2. Accrued expenses on:

Direct labour	8,000
Indirect labour	1,200
Interest on Borrowed funds	2,000

3. Depreciation to be provided on:

Office appliances	5%
Plant and machinery	10%
Buildings	4%

4. Distribution of the following costs:

Heat, Light and Power to factory, office and distribution in the ratio 8:1:1. Rates and taxes two-thirds to factory and one-third to office.
Depreciation on buildings to factory, office and selling in the ratio 8:1:1.

With the help of the above information, you are requested to prepare a condensed Profit and loss Statement of Gogetter Co. for the year ended 30th September, 1986 along with supporting schedules of :

a) Cost of sales,
b) Selling and Distribution expenses
c) Administration expenses

5. From the books of accounts of M/s. Aryan Enterprises, the following details have been extracted for the year ending March 31, 1994:

Stock of materials – Opening	1,88,000
--do-- Closing	2,00,000
Materials purchased during the year	8,32,000
Direct wages paid	2,38,400
Indirect wages	16,000
Salaries to administrative staff	40,000
Freights – Inwards	32,000
Freight -Outwards	20,000
Cash discount allowed	14,000
Bad debts written off	18,800
Repairs to plant & machinery	42,400
Rent, rates and taxes – factory	12,000
Office	6,400
Travelling expenses	12,400

Salesman's salaries and commission	33,600
Depreciation written off – Plant & mach	28,400
Furniture	2,400
Directors' Fees	24,000
Electricity charges (factory)	48,000
Fuel (for boiler)	64,800
General charges	24,800
Manager's salary	48,000

The manager's time is shared between the factory and the office in the ratio of 20:80 . From the above details you are required to prepare.

(a) Prime cost ;
(b) factory overhead;
(c) factory cost:
(d) General overhead;
(e) Total cost.

6. Find out in the appropriate cost sheet form the selling rate per tonne of special paper manufactured by a paper Mill for the Government in January, 2014under the following divisions of cost:

a) Prime cost, (b) Work cost, (c) Total cost, (d) selling price.
The cost sheet is to be prepared with reference to data given below:

Direct materials:
Paper-pulp -500 tonnes @ Rs. 50 per tonne.
Other miscellaneous materials – 100 tonnes @ Rs. 30 per tonne.

Direct labour
80 skilled men @ Rs. 3 per manday for 25 day
40 unskilled men @ Rs. 2 per manday for 25 days.

Direct expenses
Special equipments – Rs. 3,000
Special dyes – Rs. 1,000

Works overhead:
Variable @ 100% on direct wages
Fixed @ 60% on direct wages
Administration overhead @ 10% on Prime cost
Selling and distribution overhead @ 15% on works cost
Profit 10% on Total cost.
Finished paper manufactured – 400 tonnes.
Credit on account of sales of manufacture of scrap, Rs. 800
There was no work-in-progress at the beginning or at the end of the month.
The scrap value of the special equipment after utilisation in manufacture is nil.

7. The following data are available from the Cost Ledger of Acme Industries for the year 2012:

Plant maintenance	25,000
Lighting	6,300
Depreciation on plant	8,100
Staff salaries	32,000
Management salaries	22,000
Power (for this plant)	10,600
Rental for leasehold equipment	9,600
Indirect wages	37,100
Consumable stores	17,600
Selling expenses	30,000
General charges	15,600
Sale proceeds from scrap	4,200

During the year total production was 1,20,000 units. The breakup of prime cost per unit was : Material Rs. 2.20 and wages Rs. 1.80. The average selling price was Rs. 6.75 per unit and the entire quantity produced during the year was sold out.

With effect from January 1, 1988, the selling price was reduced to Rs. 6.40 per unit. It was envisaged that production could be enhanced during 2013 by $33\frac{1}{3}$ per cent without incurring any overtime or extra-shift work, or additional selling expenses.

You are required to prepare statements showing:

1. Actual cost and profit for the year 2012
2. Estimated cost and profit for 2013 assuming that the entire production will be sold during the year.

8. From the following data prepare a cost and profit statement of Popular Stoves Manufacturing Co. for the year 2014:

	Rs.		Rs.
		Establishment expenses	10,000
Stock of materials On 1-1-2014	35,000	Completed stock in hand On 1-1-2014	Nil
Stock of materials on 31-12-2014	4,900	Completed stock in hand On 32-12-2014	35,000
Purchase of materials	52,500		
Direct wages	95,000	Sales	1,89,000
Factory expenses	17,500		

The number of stoves manufactured during the year 2014 was 4,000.

The company wants to quote for a contract for the supply of 1,000 Electric Stoves during the year 2015 . The stoves to be quoted are of uniform quality and make and similar to those manufactured in the previous year; but cost of materials has increased by 15% and cost of factory labour by 10%.

Prepare a statement showing the price to be quoted to give the same percentage of net profit on turnover as was realised during the year 2014, assuming that the cost per unit of overheads will be the same as in the previous year.

9. The following figures have been obtained from the cost records of Roi Manufacturing company for the year 2014:

Cost of materials	2,40,000
Wages for labour	2,00,000
Factory overhead	1,20,000
Distribution expenses	56,000
Administration expense	1,34,000
Selling expenses	89,600
Profit	1,68,000

A work order was executed in 2015 and their following expenses were incurred:

Cost of materials	32,000
Wages for labour	20,000

Assuming that the rate for factory overhead went up by 20%, distribution charges went down by 10% and selling and administration charges went up by 12 ½ %, at what price should the product of the job be quoted so as to earn the same earlier rate of profit on the selling price? Show the full working.

Factory overhead is based on direct wages while Distribution, Administration and selling charges are based on the factory cost.

10. A toy manufacturer earns an average net profit of Rs. 3 per piece on a selling price of Rs. 15 by producing and selling 60,000 pieces at 60 per cent of the potential capacity. The composition of cost of sales is :

Direct material	: Rs. 4
Direct wages	: 1
Works overheads	: 6 (50% fixed)
Sales overheads	: 1 (25 % variable)

During the current year, he intends to produce the same number but anticipates that :

1. His fixed charges will go up by 10%
2. Rates of direct labour will increase by 20%
3. Rates of direct material will increase by 5%
4. Selling price cannot be increased.

Under these circumstances, he obtains an order for a further 20% of his capacity. What minimum price will you recommended for accepting an order to ensure the manufacturer an overall profit of Rs 1,83,500?