

1 COST SHEET

Question #1

COST SHEET

MQP J23

Fire, Water and Air Ltd is a small machine part manufacturing company. You are the cost accountant of the unit. The top management places before you the following information from the cost records of the company. The records refer to the six months ending on 31st Dec., 2022.

	₹
Materials used	1,50,000
Direct wages	1,20,000
Factory overhead expenses	24,000
Office expenses	17,640

From the above particulars you are to prepare a Cost Sheet for the period. The top management also seeks from you the price which the company should quote for the manufacture of a machine requiring materials valued at ₹ 1,250 and expenditure on productive wages of ₹ 750, so that the price may yield a profit of 20% on the selling price.

For the purpose of price quotation, you are to charge factory overhead as a percentage of direct wages and office overhead as a percentage of works cost which is the standard company policy.

Question #2

COST SHEET

MQP J23

You have been recently appointed as a Cost Accountant of Ratnamsons LTD. After going through the cost records, you find that the selling price of Job No. 3286 has been calculated in the previous year on the following basis:

Particulars	Amount (₹)
Materials	1,208
Direct Wages – 22 hours at ₹25 per hour	550
Department	
A – 10 hours	
B – 4 hours	
C – 8 hours	
Prime Cost	1,758
Plus 33% on Prime Cost	586
Total	2,344

An analysis of the previous year's Profit & Loss Account shows the following:

Particulars	Amount (₹)	Particulars	Amount (₹)
Materials Used	77,50,000	Factory Overheads:	
Direct Wages:		A	2,50,000
A	5,00,000	B	4,00,000

B	6,00,000	C	1,00,000
C	4,00,000	Selling Overhead	30,00,000

You are required to:

- Make suitable calculations after making revision to the cost estimate on the basis of the previous year's figures;
- Draw up a Job Cost Sheet on the basis of the calculations made in (i) above.
- Make suitable analysis on per unit basis and infer the selling price if profit is to be estimated at add to 10% of cost of sales.

Question #3
COST SHEET

MQP D23

From the following information, illustrate and prepare a statement showing profit for the period and determine Cost per Unit.

1.

	Opening	Closing
Raw Materials:	₹29,500	₹36,000
Work-in-progress:		
Material	13,600	12,000
Wages	11,000	16,500
Works overhead	6,600	9,900
Finished Goods:	200 units@ ₹84	1600 Units

- Purchases of raw material ₹1,90,000, Carriage on purchases ₹1,500, Sale of scrap of raw materials ₹5,000
- Wages ₹2,97,000
- Works overheads are absorbed @ 60% of direct labour cost.
- Administration overhead are absorbed @ ₹12 per unit produced.
- Selling and distribution overhead are absorbed @ 20% of selling price.
- Sales – 7600 units at a profit of 10% on sales price.

Question #4
COST SHEET

 MQP D23/ J24
 PTPJ19/ J23/ J25

MNQ LLP submits the following information on 31st March 2023. Based on the given data, illustrate and prepare a statement of cost.

Details	(₹)
Sales for the year	2,75,000
Inventories at the beginning of the year: Finished goods	7,000
Work in Progress	4,000
Purchase of the material for the year	1,10,000
Material inventory: At the beginning of the year	3,000
At the end of the year	4,000
Direct Labour	65,000
Factory overhead: 60% of direct labour cost	
Inventories at the end of the year: Finished goods	8,000
Work in Progress	6,000
Other expenses for year:	

Selling expenses - 10% of sales
 Administrative expense – 5% of sales

Question #5**COST SHEET**

PTP J23 / J25

M/s PQR Ltd. submits the following information on 31st March, 2023:

Particulars	(Amount ₹)
Sales for the year	55,00,000
Purchases of material for the year	22,00,000
Direct labour	13,00,000
Inventories at the beginning of the year—	
Finished goods	1,40,000
'Work-in-progress	80,000
Materials inventory —	
At the beginning of the year	60,000
At the end of the year	80,000
Inventories at the end of the year—	
Work-in-progress	1,20,000
Finished goods	1,60,000

Factory overheads were 60% of the direct labour cost.

Administration expenses were 5% of sales.

Selling & distribution expenses were 10% of sales.

You are required to prepare a Cost Sheet with all elements.

Question #6**COST SHEET**PTP D23/ D24; MQP
J25

The following data are available from the books and records of ROHINT LTD. for the month of August, 2023,

Direct Labour Cost ₹1,20,000 (120% of Factory Overheads)

Cost of Sales = ₹ 4,00,000

Sales = ₹ 5,00,000

Accounts show the following figures:

	1 st August, 2023 (₹)	31 st August, 2023 (₹)
Inventory:		
Raw material	20000	35000
Work-in-Progress	20000	30000
Finished goods	50000	60000
Other Details:		
Selling expenses		22000
General & Admin. Expenses		18000

General & Admin. Expenses are not relating to the production activity.

You are required to prepare, a cost sheet for the month of August, 2023 showing:

- (i) Prime cost
- (ii) Works cost
- (iii) Cost of Production

- (iv) Cost of Goods sold
- (v) Cost of Sales and Profit earned

Question #7
COST SHEET

PTP D18/ D23

Z Ltd., manufactured and sold 200 typewriters in the year 2017. Its summarised Trading and Profit & Loss Account for the year 2017 is as follows:

		Total Output (in units) 200	
Particulars	Rs.	Particulars	Rs.
To Cost of Material consumed	1,20,000	By Sales	6,00,000
To Direct Wages	1,80,000		
To Manufacturing Charges	75,000		
To Gross Profit c/d	2,25,000		
	6,00,000		6,00,000
To Management Expenses	90,000	By Gross Profit b/d	2,25,000
To General Expenses	30,000		
To Rent, Rates & Taxes	15,000		
To Selling Expenses	45,000		
To Net Profit	45,000		
	2,25,000		2,25,000

For the year 2018, it is estimated that

- (i) The output and sales will be 300 typewriters.
- (ii) Price of material will rise by 25% compared to previous year level.
- (iii) Wages per unit will rise by 10%.
- (iv) Manufacturing charges will increase in proportion to the combined cost of material and wages
- (v) Selling expenses per unit will remain unchanged.

Other expenses will remain unaffected by the rise in output.

Required:

Prepare a Cost Sheet showing the cost at which typewriters will be manufactured in 2018 and give price at which it should be marketed so as to show profit of 10% on selling price.

Question #8
COST SHEET

MQP D24

The following figures were extracted from the Trial Balance of a company as on 31st December, 2023.

Particulars	Debit Amount (₹)	Credit Amount (₹)
Inventories		
Raw Material	1,40,000	
Work in Progress	2,00,000	
Finished Goods	80,000	
Office Appliances	17,400	
Plant and Machinery	4,60,500	
Buildings	2,00,000	
Sales		7,68,000

Sales Returns	14,000	
Material Purchased	3,20,000	
Freight on materials	16,000	
Purchase Returns		4,800
Direct Labour	1,60,000	
Indirect Labour	18,000	
Factory Supervision	10,000	
Factory repairs and upkeep	14,000	
Heat, Light & Power	65,000	
Rates & Taxes	6,300	
Miscellaneous Factory Expenses	18,700	
Sales Commission	33,600	
Sales Travelling	11,000	
Sales Promotion	22,500	
Distribution Department Salaries and Wages	18,000	
Office Salaries	8,600	
Interest on borrowed funds	2,000	

Further details are given as follows:

Closing inventories are Material ₹1,80,000, Work in Progress ₹1,92,000 and Finished Goods ₹1,15,000.

Accrued expenses are Direct Labour ₹8,000, Indirect Labour ₹1,200 and Interest ₹2,000.

Depreciation should be provided as 5% on Office Appliances, 10% on Machinery and 4% on Buildings.

Heat, light and power are to be distributed in the ratio of 8: 1: 1 among factory, office and distribution respectively.

Rates & Taxes apply 2/3rd to the factory and 1/3rd to office.

Depreciation on building to be distributed in the ratio of 8: 1: 1 among factory, office and distribution respectively.

Illustrate and prepare a Cost Sheet and Condensed Profit & Loss Account for the Year.

Question #9**COST SHEET**

MQP J17/ D24

In a factory following the Job Costing Method, an abstract from the work in process as at 30th September, was prepared as under.

Job No.	Materials	Direct Labour	Factory Overheads Applied (₹)
115	1,325	400 Hrs ₹ 800	640
118	810	250 hrs ₹ 500	400
120	765	300 hrs ₹ 475	380
	2,900	1,775	1,420

Materials used in October were as follows:

Material requisitions No.	Job No.	Cost (₹)
54	118	300
55	118	425
56	118	515

57	120	665
58	121	910
59	124	720
		3,535

A summary at Labour Hours deployed during October is as under:

Job No.	No. of hours	
	Shop A	Shop B
115	25	25
118	90	30
120	75	10
121	65	-
124	20	10
	275	75
Indirect Labour:		
Waiting for material	20	10
Machine breakdown	10	5
Idle time	5	6
Overtime premium	6	5
	316	101

A shop credit slip was issued in October, which material issued under requisition No. 54 was returned back to stores as being not suitable. A material transfer note issued in October indicated that material issued under requisition No. 55 for Job 118 was directed to Job 124.

The hourly rate in shop A per labour hour is ₹3 while at shop B it is ₹2 per hour. The factory overhead is applied at the same rate as in September: Jobs 115, 118 and 120 were completed in October.

You are asked to compute the factory cost of the completed jobs. It is practice of the management to put a 10% on the factory cost to cover administration and selling overheads and invoice the job to the customer on a total cost plus 20% basis what would be the invoice price of these three jobs?

Question #10
COST SHEET

MQP D17/ J18/ D24

The following are the costing records for the year 2014 of Nelito Systems:

Production	10,000 units;
Cost of Raw Materials	₹ 2,00,000;
Labour Cost	₹ 1,20,000;
Factory Overheads	₹ 80,000;
Office Overheads	₹ 40,000;
Selling Expenses	₹ 10,000,
Rate of Profit	25% on the Selling Price.

The management decided to produce 15,000 units in 2015. It is estimated that the cost of raw materials will increase by 20%, the labour cost will increase by 10%, 50% of

the overhead charges are fixed and the other 50% are variable. The selling expenses per unit will be reduced by 20%. The rate of profit will remain the same.

Prepare a Cost Statement of Nelito Systems for the year 2015 showing the total profit and selling price per unit.

Question #11**COST SHEET**MQP D18/ D24; PTP
J24

An advertising agency has received an enquiry for which you are supposed to submit the quotation. Bill of material prepared by the production department for the job states the following requirement of material:

Paper 10 reams	₹ 1,800 per ream
Ink and other printing material	₹ 5,000
Binding material & other consumables	₹ 3,000

Some photography is required for the job. The agency does not have a photographer as an employee. It decides to hire one by paying ₹ 10,000 to him. Estimated job card prepared by production department specifies that service of following employees will be required for this job:

Artist (₹ 12,000 per month)	80 hours
Copywriter (₹ 10,000 per month)	75 hours
Client servicing (₹ 9,000 per month)	30 hours

The primary packing material will be required to the tune of ₹ 4,000. Production Overheads 40% of direct cost, while the S & D Overheads are likely to be 25% on Production Cost. The agency expects a profit of 25% on the quoted price. The agency works 25 days in a month and 6 hours a day.

Question #12**COST SHEET**

MQP J25

PR Ltd manufactures and sells a typical brand of Tiffin Boxes under its own brand name. The installed capacity of the plant is 1,20,000 units per year distributable evenly over each month of calendar year. The Cost Accountant of the company has informed the following cost structure of the product, which is as follows:

Raw Material ₹ 20 per unit.

Direct Labour ₹ 12 per unit.

Direct Expenses ₹ 2 per unit

Variable Overheads ₹ 16 per unit

Fixed Overheads ₹ 3,00,000.

Semi variable Overheads are as follows:

₹7,500 per month upto 50% capacity and additional ₹2,500 per month for every additional 25% capacity utilization or part thereof.

The plant was operating at 50% capacity during the first seven months of the calendar year 2025, at 100% capacity in the remaining months of the year.

The selling price for the period from 1st January, 2025 to 31st July, 2025 was fixed at ₹ 69 per unit. The firm has been monitoring the profitability and revising the selling price

to meet its annual profit target of ₹ 8,00,000. Identify the selling price per unit for the period from 1st August, 2025 to 31st December, 2025.

Illustrate the cost sheet clearly showing the total and per unit cost, as well as the profit for the period.

1. From 1st January to 31st July, 2025.
2. From 1st August to 31st December, 2025.