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PYQ RTP COMPILER

Chp 6 Cost Sheet

Costing CA Intermediate Regular Batch May / Sep 2025

CA PRANAV POPAT

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Past Year Questions (PYQs)

May 2018 to Jan 2025

PYQ Analysis

Exam	Q No.	Marks	Requirement	Special Points
PYQ - Jan 2025	Q2a	9	Cost Statement and Profit	Basic – Easy
PYQ - Sep 2024	Q2a	8	Cost Sheet for Jan and Feb	Cal of Opening and Closing Stock as reverse calculation, ratio allocation of prime cost
PYQ - May 2024	MCQ - Q6 to Q10	10	Case Scenario MCQ - Q6 - FC Q7 - COGS Q8 - Sales Q9 - DM consumed Q10 - Prime Cost	Calculation fo Material Consumed, Rent Apportionment, Interest and Finance is considered under Cost of Sales
PYQ - Nov 2023	Q2a	10	Cost Sheet along with given heads	Cost of Rectification, Part of Rent in Office
PYQ - May 2023	Q3b	10	Cost Sheet along with given heads, Cal of SP pu	Basic – Easy
PYQ - Nov 2022	Q4b	10	Cost per unit / total cost of a product and profit per unit / total profit of a product	Similar to Super Pen Question (PYQ Nov 2020)
PYQ - May 2022	Q3b	10	Cost Sheet along with given heads, Cal of SP pu	Basic – Easy

PYQ Analysis

Exam	Q No.	Marks	Requirement	Special Points
PYQ - Dec 2021	Q2a	10	Cost Sheet along with given heads	Scrap of Cutting will be treated as Scrap of Processing not Material
PYQ - July 2021	Q2a	10	Cost Sheet along with given heads	Carriage on Return of Material taken in Factory Overheads, Cost of Rectification of Defective Units
PYQ - Jan 2021	Q2b	10	Cost Sheet for the month	Basic – Easy
PYQ - Nov 2020	Q2a	10	Cost per unit / total cost of a product and profit per unit / total profit of a product	DM pu and DW pu relation is given in que, Units calculation (Super Pen)
PYQ - Nov 2019	Q3b	10	Value of Material Purchased and Cost Sheet	Reverse Calculation of Material Cost, Calculation of Sales Qty with treatment of defective, DM and DW in 2:1
PYQ - May 2019	Q2a	10	Cost Sheet, SP for the remaining 9 months	Calculation of semi variable cost and calculation of number of units of production
PYQ - Nov 2018	Q2a	10	Cost Sheet along with given heads	Basic – Easy
PYQ - May 2018	Q2a	10	Cost Sheet of Firm	Basic – Easy

PYQ Jan 2025 – Q2a

2. (a) The following information relates to a manufacturing concern A Ltd. for the year ended 31st March, 2024. 9

Particulars	As on 1st April, 2023	As on 31st March, 2024
Raw Material (in ₹)	3,40,000	1,80,000
Work in Progress (in ₹)	5,50,000	3,50,000

Raw Material Purchased [Inclusive of GST @18% (Ineligible for ITC)]	8,00,000
Packaging Cost (primary)	3,00,000
Fee Paid to Independent Directors	5,00,000
Production bonus paid to factory workers	10% of Wages paid to factory workers

PYQ Jan 2025 – Q2a

Job charges paid to job workers	41,000
Salary paid to Supervisor	6,17,900
Wages paid to factory workers	6,30,000
Salary paid to Production Control Manager	7,20,000
Sale of Scrap generated during Manufacturing	50,000
Selling Overheads per unit	2
Salary paid to General Manager	12,40,000
Freight Inwards	2% on Raw Material Purchased
Expenses Paid for Quality Control check activities	4,30,000

PYQ Jan 2025 – Q2a

Particulars	Cost Price (₹)	WDV as on 1st April, 2023 (₹)	Depreciation Rate	Insurance Cost per annum
Factory Building	25,00,000	21,87,000	10%	2% of Cost Price
Plant and Machinery	15,00,000	11,56,000	15%	2% of Cost Price
Office Building	40,00,000	36,00,000	10%	Nil

Additional information :

(i) Depreciation is charged on the written down value method.

(ii) Stock of finished goods as on 1st April, 2023 was 80,000 units having a total cost of ₹ 8,00,000. The entire stock of opening finished goods is sold during the year, closing stock is 70,000 units. During the period, 4,50,000 units were sold.

(iii) A Ltd. wants a profit of 20% on Total Sales.

Required :

Prepare a Cost statement showing the various elements of cost and profit earned for the year ended 31st March, 2024.

PYQ Jan 2025 – Q2a

Que 2a

WN-1	Depreciation p.a.	Insurance p.a.
Factory Building	218700 (2187000 x 10%)	50,000 (2500,000 x 2%)
plant & Machinery	173400 (1156000 x 15%)	30,000 (1500,000 x 2%)
Office Building	360,000 (3600,000 x 10%)	

WN-2 Produced units 450,000 + 70,000 − 80,000
= 440,000 units

PYQ Jan 2025 – Q2a

cost sheet / cost statement for year ended 31 Mar 24

Particulars	Amount
opening stock of Raw Material	340,000
add: Purchases incl. GST	800,000
Freight Inwards (2% of 800000)	16,000
less: closing stock of Raw Material	(180,000)
Direct material consumed	976,000
Direct wages	
wages	630,000
Bonus (10% of 630,000)	63,000
Direct expenses	
Job charges	41,000
Prime Cost	17,10,000

PYQ Jan 2025 – Q2a

Factory overheads	
Salary to Supervisors	617900
Depreciation (218700 + 173400)	392100
Insurance (50,000 + 30,000)	80,000
Gross factory cost	2800,000
add: opening WIP	550,000
less: closing WIP	(350,000)
Factory cost	30,00,000
Packaging cost	3,00,000
Administrative OH related to Production	
Salary to Production control manager	720,000
sale of scrap	(50,000)
Quality control check	430,000
cost of production (440,000 units)	44,00,000

PYQ Jan 2025 – Q2a

add: opening stock of FG	8,00,000
less: closing stock of FG $\left(\frac{4400,000}{440,000} \times 70,000\right)$	(700,000)
Cost of goods sold (450,000 units)	45,00,000
Administrative overheads (General)	
Fees of director	500,000
General Manager salary	1240,000
Depreciation of office building	360,000
Selling and Distribution overheads	
Selling overheads (2 p.u. × 450,000 units)	900,000
Cost of sales	7500,000
Profit (20% on sales or 25% on cost)	1875,000
sales	9375000

PYQ Sep 2024 – Q2a

(a) *MNP Limited have the capacity to produce 84,000 units of a product very month. Its prime cost per unit at various levels of production is as follows:*

Level	*Prime Cost per unit (₹)*
10%	*50*
20%	*48*
30%	*46*
40%	*44*
50%	*42*
60%	*40*
70%	*38*
80%	*36*
90%	*34*
100%	*32*

Its prime cost consists of raw material consumed, direct wages and direct expenses in the ratio of 3 : 2 : 1. In the month of January 2024, the company worked at 40% capacity and raw material purchased amounting to ₹ 8,40,000. In the month of February 2024, the company worked at 100% capacity and raw material purchased for ₹ 16,46,400.

PYQ Sep 2024 – Q2a

It is the policy of the company to maintain opening stock of raw material equal to 1/3 of closing stock of raw material. Factory overheads are recovered at 60% of direct wages cost. Fixed administration expenses (as part of production cost) and fixed selling and distribution expenses are ₹ 2,01,600 and ₹ 1,68,000 per month respectively. During the month of January 2024 company sold 33,600 units @ ₹ 68.8 per unit. The variable distribution cost amounts to ₹ 1.5 per unit sold.

The management of the company chalks out a pl for the month of February 2024 to sell its whole output @ ₹ 61 per unit by incurring following further expenditure :

(i) Company sponsors a television programme on every Sunday at a cost of ₹ 26,250 per week. There are 4 Sundays in February 2024.

(ii) Hi-tea programme every month for its potential customers at a cost of ₹ 1,05,000.

(iii) Special gift item costing ₹ 105 on sale of a dozen units.

(iv) Lucky draws scheme is introduced every month by giving the first prize of ₹ 1,00,000; second prize of ₹ 80,000; third prize of ₹ 40,000 and four consolation prizes of ₹ 8,000 each.

PYQ Sep 2024 – Q2a

Note: *(In the month of February 2024, there is a significant saving in material cost per unit due to entry of new suppliers in the market and saving in per unit cost of Direct wages and Direct expenses due to introduction of new policy by the management.)*

Prepare a cost sheet for the month of January 2024 and February 2024 showing prime cost (with different elements of prime cost), factory cost, cost of production, total cost and profit earned. ***(8 Marks)***

PYQ Sep 2024 – Q2a

(a) **Cost Sheet**

Particulars	January 2024	February 2024
	33,600 Units	**84,000 Units**
Opening Stock of Raw Material	50,400	1,51,200
Add: Purchases	8,40,000	16,46,400
Less: Closing stock of Raw Material	(1,51,200)	(4,53,600)
Direct materials consumed:	**7,39,200**	**13,44,000**
Direct Wages	4,92,800	8,96,000
Direct expenses	2,46,400	4,48,000
Prime Cost	**14,78,400**	**26,88,000**
Factory overheads (60% of direct wages)	2,95,680	5,37,600
Factory / Works Cost	**17,74,080**	**32,25,600**
Add: Administration overhead (Production)	2,01,600	2,01,600
Cost of Production / Cost of goods sold	**19,75,680**	**34,27,200**

PYQ Sep 2024 – Q2a

Add: Fixed selling and distribution Overhead	1,68,000	1,68,000
Variable distribution overheads (₹ 1.5 per unit)	50,400	1,26,000
- Sponsorship cost	-	1,05,000
- Hi tea programme	-	1,05,000
- Special gifts (84,000 x 1/12 x 105)	-	7,35,000
- Lucky draw prize *	-	2,52,000
Cost of sales / Total Cost	**21,94,080**	**49,18,200**
Profit (Balancing figure)	1,17,600	2,05,800
Sales revenue	**23,11,680**	**51,24,000**

***Lucky draw prize:**

	Amount (₹)
1st Prize	1,00,000
2nd Prize	80,000
3rd Prize	40,000
Consolation Prizes (4 × ₹ 8,000)	32,000
Total	2,52,000

PYQ Sep 2024 – Q2a

Working note :

Calculation of opening and costing stock of Raw Material

January

Units Manufactured	= 84,000 x 40% = 33,600 units
Prime Cost	= 33,600 x 44 = ₹ 14,78,400
Raw Material consumed	= ₹ 14,78,400 X 3/6 = ₹ 7,39,200
Raw Material purchase (given)	= ₹ 8,40,000

Let closing stock of Raw Material be x

Opening stock of Raw Material be 1/3x

Opening Stock + Purchase – closing stock = Raw Material consumed

1/3x + ₹ 8,40,000 – x	= ₹ 7,39,200
1/3x – x	= ₹ 7,39,200 – ₹ 8,40,000
2/3x	= ₹ 1,00,800
x	= ₹ 1,51,200 (closing stock)
Opening stock	= ₹ 1,51,200 x 1/3 = ₹ 50,400

PYQ Sep 2024 – Q2a

February

Prime Cost = 84,000 x 32 = ₹ 26,88,000

Raw Material consumed = ₹ 26,88,000 x 3/6 = ₹ 13,44,000

Raw Material purchased (given) = ₹ 16,46,400

Opening Stock + Purchase – closing stock = Raw Material consumed

₹ 1,51,200 + ₹ 16,46,400 – closing stock = ₹ 13,44,000

Closing stock = ₹ 4,53,600

PYQ May 2024 – MCQ Q6 to Q10

Case Scenario – I

XYZ Manufacturing Company produces a product called 'MizBon' which requires a combination of two raw materials, Material 'M' and Material 'B', for its production. Standard requirement per unit of 'MizBon' is 2.5 Kg. of raw material 'M' and 1 Kg. of raw material 'B' and is strictly followed. The following information was available for the month of March 2024 :

- 5,000 Kg. of raw material 'M' was purchased at ₹ 8,50,000 from GST registered supplier on which GST @ 5% to the tune of ₹ 42,500 was paid (eligible for input tax credit). Rebate of ₹ 10,000 was allowed by supplier on purchase of raw material 'M'.
- 2,000 Kg. of raw material 'B' was purchased from supplier not registered in GST at ₹ 90,000.
- Freight paid on purchase of raw materials was ₹ 14,000.

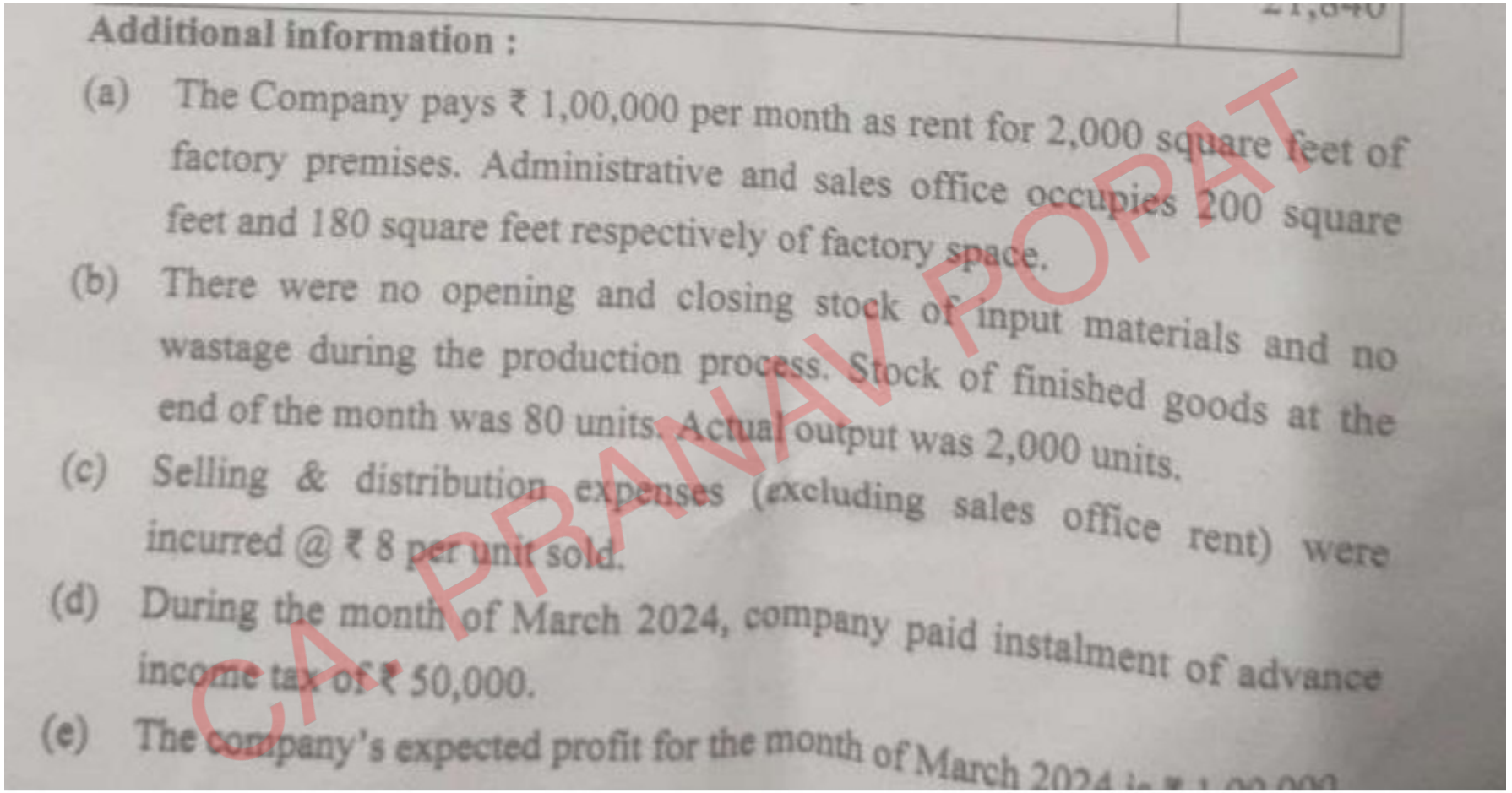
PYQ May 2024 – MCQ Q6 to Q10

Other data collected for the month of March 2024 was :

Particulars	Amount (₹)
Wages paid to production workers	4,80,000
Contribution made towards workers PF & ESI	59,000
Primary packing cost necessary to maintain quality	14,000
Amount paid as fine & penalty	10,000
Research & Development cost paid for improvement in production process	37,500
Interest and finance charges for usage of non-equity fund	18,000
Expenses paid for pollution control, engineering & maintenance	12,000
Salary paid to Factory supervisors	40,000
Cost of special moulds and patterns	4,000
Lease rent of machinery and equipment	1,08,000
Administrative expenses (General) - excluding rent	21,840

Additional information :

PYQ May 2024 – MCQ Q6 to Q10



Additional information :

(a) The Company pays ₹ 1,00,000 per month as rent for 2,000 square feet of factory premises. Administrative and sales office occupies 200 square feet and 180 square feet respectively of factory space.

(b) There were no opening and closing stock of input materials and no wastage during the production process. Stock of finished goods at the end of the month was 80 units. Actual output was 2,000 units.

(c) Selling & distribution expenses (excluding sales office rent) were incurred @ ₹ 8 per unit sold.

(d) During the month of March 2024, company paid instalment of advance income tax of ₹ 50,000.

(e) The company's expected profit for the month of March 2024 is ₹ 1,00,000

PYQ May 2024 – MCQ Q6 to Q10

On the basis of above Case Scenario, you ... (5 × 2

questions 6 to 10 :

6. What is Factory cost ?

(A) ₹ 17,28,000 (B) ₹ 17,16,000

(C) ₹ 17,42,000 (D) ₹ 17,38,000

7. What is the cost of goods sold ?

(A) ₹ 17,07,920 (B) ₹ 17,08,990

(C) ₹ 17,08,320 (D) ₹ 17,06,160

8. What is sales value ?

(A) ₹17,82,520 (B) ₹18,82,520

(C) ₹18,32,520 (D) ₹19,18,520

9. What is cost of raw material consumed ?

(A) ₹ 9,86,500 (B) ₹ 9,44,000

(C) ₹ 9,30,000 (D) ₹ 9,54,000

10. What is Prime cost ?

(A) ₹ 14,28,000 (B) ₹ 15,31,000

(C) ₹ 14,70,500 (D) ₹ 14,87,000

PYQ May 2024 – MCQ Q6 to Q10

M	(850,000 − 10,000) =	840,000
B		90,000
		14000
DMC		944000
DW		
Wages		480000
Contr		59000
DE Moulds		4000
PC		1487000
FOH		
Supev		40000
lease		108000
Rent 100,000/2000 × 1620		81000
Pollution		12000
Factory cost		1728000

add: PP		14000
R&D		37500
COP (2000 units)		1779500
cl. stock 80 units (1779500/2000 × 80)		(71180)
CoGS		1708320
Admin		
Rent 100,000/2000 × 200		10000
other		21840
SD OH		
Rent 100,000/2000 × 180		9000
other 8×1920		15360
Interest		18000
cost of sales		1782520
profit		100,000
sales		1882520

PYQ Nov 2023 – Q2a

(a) *The following data relates to the manufacture of product BXE for the year ended 31st March,2023:*

	Amount (₹)
Value of stock as on 1st April,2022	
Raw materials	*27,00,000*
Work in progress	*10,60,000*
Finished Goods	*25,00,000*
Material purchased	*2,48,00,000*
Freight inward	*7,50,000*
Direct wages	*42,00,000*
Power & Fuel	*18,75,000*
Cost of special drawings	*3,60,000*
Trade Discount	*4,50,000*
Insurance on material procured	*15,000*
Rent of Factory Building (1/5th used for office purpose)	*7,00,000*
Depreciation on machinery	*6,25,000*
Depreciation on Delivery Vans	*1,20,000*
Consumable stores and indirect wages	*15,20,000*
Quality Control cost	*9,00,000*
Primary packing cost	*12,90,000*

PYQ Nov 2023 – Q2a

General Administrative overheads (excluding rent of building)	*17,50,000*
Salary paid to Marketing Staff	*9,60,000*
Packing cost for transportation	*1,84,000*
Value of stock as on 31st March, 2023	
Raw materials	*32,60,000*
Work in progress	*11,80,000*
Finished Goods	*28,38,000*

Additional Information:

- *Further, some of the finished product was found defective and the defective products were rectified by incurring expenditure of additional factory overheads to the extent of ₹ 33,600. The cost of rectification is not included in details mentioned above.*
- *An amount of ₹ 1,20,600 was realised by selling scrap and waste generated during the year.*

Prepare Cost sheet for the year ended 31stMarch, 2023 showing:

(i) Prime cost,

(ii) Factory cost,

(iii) Cost of production.

(iv) Cost of goods sold, and

(v) Cost of sales. ***(10 Marks)***

PYQ Nov 2023 – Q2a

(a) **Cost Sheet for the product BXE**

Sl. No.	Particulars	(₹)	(₹)
(i)	Material Consumed:		
	Raw materials purchased	2,48,00,000	
	Freight inwards	7,50,000	
	Insurance on material procured	15,000	
	Less: Trade discount	(4,50,000)	
	Add: Opening stock of raw materials	27,00,000	
	Less: Closing stock of raw materials	(32,60,000)	2,45,55,000
(ii)	Direct wages		42,00,000
(iii)	Direct expenses:		
	Power & fuel	18,75,000	
	Cost of special drawings	3,60,000	22,35,000
	Prime Cost		**3,09,90,000**
(iv)	Works/ Factory overheads:		
	Rent of factory building (4/5th of 7,00,000)	5,60,000	
	Depreciation on machinery	6,25,000	
	Defective rectification cost	33,600	
	Consumable stores & indirect wages	15,20,000	27,38,600
	Gross works cost		3,37,28,600

PYQ Nov 2023 – Q2a

	Add: Opening work in process		10,60,000
	Less: Closing work in process		(11,80,000)
	Factory cost		**3,36,08,600**
(v)	Quality control cost		9,00,000
(vi)	Primary packing cost		12,90,000
(vii)	Less: Amount realised from scrap sale		(1,20,600)
	Cost of production		**3,56,78,000**
	Add: Opening stock of finished goods		25,00,000
	Less: Closing stock of finished goods		(28,38,000)
	Cost of Goods Sold		**3,53,40,000**
	Administrative overheads:		
(viii)	Rent of factory building (1/5th of 7,00,000)		1,40,000
	General administrative overheads		17,50,000
	Selling and Distribution overheads:		
(x)	Salary paid to marketing staff		9,60,000
(xi)	Packing cost for transportation		1,84,000
(xii)	Depreciation on delivery vans		1,20,000
	Cost of Sales		**3,84,94,000**

Alternatively, Power and fuel expenses of ₹ 18,75,000 can be taken as a part of factory overhead. Accordingly, prime cost will be 2,91,15,000. However, there will be no change in factory cost, cost of production, cost of goods sold and cost of sales.

PYQ May 2023 – Q3b

(b) *The following information is available from SN Manufacturing Limited's for the month of April 2023.*

	April 1	April 30
Opening and closing inventories data:		
Stock of finished goods	*2,500 units*	*?*
Stock of raw materials	*₹ 42,500*	*₹ 38,600*
Work-in progress	*₹ 42,500*	*₹ 42,800*
Other data are:		
Raw materials Purchased		*₹ 6,95,000*
Carriage inward		*₹ 36,200*
Direct wages paid		*₹ 3,22,800*
Royalty paid for production		*₹ 35,800*
Purchases of special designs, moulds and patterns (estimated life 12 Production cycles)		*₹ 1,53,600*
Power, fuel and haulage (factory)		*₹ 70,600*

PYQ May 2023 – Q3b

Research and development costs for improving the production process (amortized)		*₹ 31,680*
Primary packing cost (necessary to maintain quality)		*₹ 6920*
Administrative Overhead		*₹ 46,765*
Salary and wages for supervisor and foremen		*₹ 28,000*

Other information:

- *Opening stock of finished goods is to be valued at ₹ 8.05 per unit.*
- *During the month of April, 1,52,000 units were produced and 1,52,600 units were sold. The closing stock of finished goods is to be valued at the relevant month's cost of production. The company follows the FIFO method.*
- *Selling and distribution expenses are to be charged at 20 paisa per unit.*
- *Assume that one production cycle is completed in one month.*

Required:

(i) Prepare a cost sheet for the month ended on April 30, 2023, showing the various elements of cost (raw material consumed, prime cost, factory cost, cost of production, cost of goods sold, and cost of sales).

(ii) Calculate the selling price per unit if profit is charged at 20 percent on sales.

(10 Marks)

PYQ May 2023 – Q3b

(b) Cost Sheet for the month of April 2023

Particulars	Amount (₹)	Amount (₹)
Raw materials consumed:		
Raw materials purchased	6,95,000	
Add: Carriage inward	36,200	
Add: Value of opening stock of raw materials	42,500	
Less: Value of closing stock of raw materials	(38,600)	**7,35,100**
Direct wages paid		3,22,800
Royalty paid for production		35,800
Amortised cost of special designs, moulds and patterns (₹153,600 ÷ 12)		12,800
Power, fuel and haulage (factory)*		70,600
Prime Cost*		**11,77,100**

PYQ May 2023 – Q3b

Salary and wages of supervisor and foremen		28,000
Gross Works Cost		12,05,100
Add: Opening stock of WIP		42,500
Less: Closing stock of WIP		(42,800)
Factory/ Works Cost		**12,04,800**
Research and development cost	31,680	
Primary packing cost	6,920	38,600
Cost of Production		**12,43,400**
Add: Opening stock of finished goods (₹ 8.05 × 2,500 units)		20,125
Less: Value of closing stock [(2,500+152,000 -1,52,600) × (12,43,400÷152000)		(15,542)
Cost of Goods Sold		**12,47,983**
Add: Administrative overheads		46,765
Add: Selling and distribution expenses (₹ 0.20 × 1,52,600)		30,520
Cost of Sales		**13,25,268**
Add: Profit (20% on Sales or 25% on cost of sales)		3,31,317
Sales value		16,56,585
Selling price per unit (₹ 16,56,585 ÷ 1,52,600 units)		**10.86**

PYQ Nov 2022 – Q4b

(b) *PNME Ltd. manufactures two types of masks- 'Disposable Masks' and 'Cloth Masks'. The cost data for the year ended 31st March, 2022 is as follows:*

	₹
Direct Materials	*12,50,000*
Direct Wages	*7,00,000*
Production Overhead	*4,00,000*
Total	*23,50,000*

It is further ascertained that:

- *Direct material cost per unit of Cloth Mask was twice as much of Direct material cost per unit of Disposable Mask.*
- *Direct wages per unit for Disposable Mask were 60% of those for Cloth Mask.*
- *Production overhead per unit was at same rate for both the types of the masks.*
- *Administration overhead was 50% of Production overhead for each type of mask.*
- *Selling cost was ₹ 2 per Cloth Mask.*
- *Selling Price was ₹ 35 per unit of Cloth Mask.*

PYQ Nov 2022 – Q4b

- *No. of units of Cloth Masks sold- 45,000*
- *No. of units of Production of*

  Cloth Masks: 50,000

  Disposable Masks: 1,50,000

You are required to prepare a cost sheet for Cloth Masks showing:

(i) Cost per unit and Total Cost.

(ii) Profit per unit and Total Profit. ***(10 Marks)***

PYQ Nov 2022 – Q4b

(b) Preparation of Cost Sheet for Cloth Masks

No. of units produced = 50,000 units

No. of units sold = 45,000 units

Particulars	Per unit (₹)	Total (₹)
Direct materials (Working note- (i))	10.00	5,00,000
Direct wages (Working note- (ii))	5.00	2,50,000
Prime cost	15.00	7,50,000
Production overhead (Working note- (iii))	2.00	1,00,000
Factory Cost	17.00	8,50,000
Administration Overhead* (50% of Production Overhead)	1.00	50,000
Cost of production	18.00	9,00,000
Less: Closing stock (50,000 units – 45,000 units)	-	(90,000)
Cost of goods sold i.e. 45,000 units	18.00	8,10,000

PYQ Nov 2022 – Q4b

Selling cost	2.00	90,000
Cost of sales/ Total cost	20.00	9,00,000
Profit	15.00	6,75,000
Sales value (₹ 35 × 45,000 units)	35.00	15,75,000

Working Notes:

(i) Direct material cost per unit of Disposable Mask = M

Direct material cost per unit of Cloth Mask = 2M

Total Direct Material cost = 2M × 50,000 units + M × 1,50,000 units

Or, ₹ 12,50,000 = 1,00,000 M + 1,50,000 M

Or, $M = \frac{₹\ 12,50,000}{2,50,000} = ₹\ 5$

Therefore, Direct material Cost per unit of Cloth Mask = 2 × ₹ 5 = ₹ 10

(ii) Direct wages per unit for Cloth Mask = W

Direct wages per unit for Disposable Mask= 0.6W

PYQ Nov 2022 – Q4b

So, (W x 50,000) + (0.6W x 1,50,000) = ₹ 7,00,000

W = ₹5 per unit

Therefore, Direct material Cost per unit of Cloth Mask = ₹ 5

(iii) Production overhead per unit = $\frac{₹\ 4,00,000}{(50,000+1,50,000)}$ = ₹ 2

Production overhead for Cloth Mask = ₹ 2 × 50,000 units = ₹ 1,00,000

* Administration overhead is related to production overhead in the question and hence to be considered in cost of production only.

PYQ May 2022 – Q3b

(b) *The following data are available from the books and records of A Ltd. for the month of April 2022:*

Particulars	*Amount (₹)*
Stock of raw materials on 1st April 2022	*10,000*
Raw materials purchased	*2,80,000*
Manufacturing wages	*70,000*
Depreciation on plant	*15,000*
Expenses paid for quality control check activities	*4,000*
Lease Rent of Production Assets	*10,000*
Administrative Overheads (Production)	*15,000*
Expenses paid for pollution control and engineering & maintenance	*1,000*
Stock of raw materials on 30th April 2022	*40,000*
Primary packing cost	*8,000*
Research & development cost (Process related)	*5,000*
Packing cost for redistribution of finished goods	*1,500*
Advertisement expenses	*1,300*

Stock of finished goods as on 1st April 2022 was 200 units having a total cost of ₹ 28,000. The entire opening stock of finished goods has been sold during the month.

PYQ May 2022 – Q3b

Production during the month of April, 2022 was 3,000 units. Closing stock of finished goods as on 30th April, 2022 was 400 units.

You are required to:

I. Prepare a Cost Sheet for the above period showing the:

- *(i) Cost of Raw Material consumed*
- *(ii) Prime Cost*
- *(iii) Factory Cost*
- *(iv) Cost of Production*
- *(v) Cost of goods sold*
- *(vi) Cost of Sales*

II. Calculate selling price per unit, if sale is made at a profit of 20% on sales.

PYQ May 2022 – Q3b

(b) I. Statement of Cost (for the month of April, 2022)

S. No.	Particulars	Amount (₹)	Amount (₹)
	Opening stock of Raw material	10,000	
	Add: Purchase of Raw material	2,80,000	
	Less: Closing stock of raw materials	(40,000)	
(i)	**Raw material consumed**		**2,50,000**
	Manufacturing wages		70,000
(ii)	**Prime Cost**		**3,20,000**
	Factory/work overheads:		
	Depreciation on plant	15,000	
	Lease rent of production Asset	10,000	
	Expenses paid for pollution control and engineering & Maintenance	1,000	26,000
(iii)	**Factory/Work Cost**		**3,46,000**

PYQ May 2022 – Q3b

	Expenses paid for quality control check activity		4,000
	Research and Development Cost		5,000
	Administration Overheads (Production)		15,000
	Primary Packing Cost		8,000
(iv)	**Cost of Production**		**3,78,000**
	Add: Opening stock of finished goods		28,000
	Less: Closing stock of finished goods		**(50,400)**
(v)	**Cost of Goods Sold**		**3,55,600**
	Advertisement expenses		1,300
	Packing cost for re-distribution of finished goods sold		1,500
(vi)	**Cost of Sales**		**3,58,400**

Note: Valuation of Closing stock of finished goods

PYQ Dec 2021 – Q2a

(a) *G Ltd. manufactures leather bags for office and school purposes.*

The following information is related with the production of leather bags for the month of September, 2021.

(1) *Leather sheets and cotton clothes are the main inputs and the estimated requirement per bag is two metres of leather sheets and one metre of cotton cloth. 2,000 metre of leather sheets and 1,000 metre of cotton cloths are purchased at ₹ 3,20,000 and ₹ 15,000 respectively. Freight paid on purchases is ₹ 8,500.*

(2) *Stitching and finishing need 2,000 man hours at ₹ 80 per hour.*

(3) *Other direct costs of ₹ 10 per labour hour is incurred.*

(4) *G Ltd. have 4 machines at a total cost of ₹ 22,00,000. Machines have a life of 10 years with a scrap value of 10% of the original cost. Depreciation is charged on a straight-line method.*

(5) *The monthly cost of administration and sales office staffs are ₹ 45,000 and ₹ 72,000 respectively. G Ltd. pays ₹ 1,20,000 per month as rent for a 2,400 sq. feet factory premises. The administrative and sales office occupies 240 sq. feet and 200 sq. feet respectively of factory space.*

PYQ Dec 2021 – Q2a

(6) *Freight paid on delivery of finished bags is ₹18,000.*

(7) *During the month, 35 kgs of scrap (cuttings of leather and cotton) are sold at ₹150 per kg.*

(8) *There are no opening and closing stocks of input materials. There is a finished stock of 100 bags in stock at the end of the month.*

You are required to prepare a cost sheet in respect of above for the month of September 2021 showing:

(i) *Cost of Raw Material Consumed*

(ii) *Prime Cost*

(iii) *Works/Factory Cost*

(iv) *Cost of Production*

(v) *Cost of Goods Sold*

(vi) *Cost of Sales* ***(10 Marks)***

PYQ Dec 2021 – Q2a

(a) No. of bags manufactured = 1,000 units

Cost sheet for the month of September 2021

	Particulars	Total Cost (₹)	Cost per unit (₹)
1.	Direct materials consumed:		
	- Leather sheets	3,20,000	320.00
	- Cotton cloths	15,000	15.00
	Add: Freight paid on purchase	8,500	8.50
	(i) Cost of material consumed	3,43,500	343.50
2.	Direct wages (₹80 × 2,000 hours)	1,60,000	160.00
3.	Direct expenses (₹10 × 2,000 hours)	20,000	20.00
4.	**(ii) Prime Cost**	5,23,500	523.50
5.	Factory Overheads: Depreciation on machines {(₹ 22,00,000 × 90%) ÷ 120 months}	16,500	16.50
	Apportioned cost of factory rent	98,000	98.00
6.	**(iii) Works/ Factory Cost**	6,38,000	638.00

PYQ Dec 2021 – Q2a

7.	*Less:* Realisable value of cuttings (₹150×35 kg.)	(5,250)	(5.25)
8.	**(iv) Cost of Production**	6,32,750	632.75
9.	*Add:* Opening stock of bags	0	
10.	*Less:* Closing stock of bags (100 bags × ₹632.75)	(63,275)	
11.	**(v) Cost of Goods Sold**	5,69,475	632.75
12.	*Add:* Administrative Overheads:		
	- Staff salary	45,000	50.00
	- Apportioned rent for administrative office	12,000	13.33
13.	*Add:* Selling and Distribution Overheads		
	- Staff salary	72,000	80.00
	- Apportioned rent for sales office	10,000	11.11
	- Freight paid on delivery of bags	18,000	20.00
14.	**(vi) Cost of Sales**	7,26,475	807.19

PYQ Jul 2021 – Q2a

(a) *The following data relates to manufacturing of a standard product during the month of March, 2021:*

Particulars	*Amount (in ₹)*
Stock of Raw material as on 01-03-2021	*80,000*
Work in Progress as on 01-03-2021	*50,000*
Purchase of Raw material	*2,00,000*
Carriage Inwards	*20,000*
Direct Wages	*1,20,000*
Cost of special drawing	*30,000*
Hire charges paid for Plant	*24,000*
Return of Raw Material	*40,000*
Carriage on return	*6,000*
Expenses for participation in Industrial exhibition	*8,000*
Legal charges	*2,500*

PYQ Jul 2021 – Q2a

Salary to office staff	*25,000*
Maintenance of office building	*2,000*
Depreciation on Delivery van	*6,000*
Warehousing charges	*1,500*
Stock of Raw material as on 31-03-2021	*30,000*
Stock of Work in Progress as on 31-03-2021	*24,000*

- *Store overheads on materials are 10% of material consumed.*
- *Factory overheads are 20% of the Prime cost.*
- *10% of the output was rejected and a sum of ₹ 5,000 was realized on sale of scrap.*

PYQ Jul 2021 – Q2a

- *10% of the finished product was found to be defective and the defective products were rectified at an additional expenditure which is equivalent to 20% of proportionate direct wages.*
- *The total output was 8000 units during the month.*

You are required to prepare a Cost Sheet for the above period showing the:

(i) Cost of Raw Material consumed.

(ii) Prime Cost

(iii) Work Cost

(iv) Cost of Production

(v) Cost of Sales ***(10 Marks)***

PYQ Jul 2021 – Q2a

(a) Statement of Cost for the month of March, 2021

Particulars		Amount (₹)	Amount (₹)
(i)	**Cost of Material Consumed:**		
	Raw materials purchased (₹ 2,00,000 – ₹ 40,000)	1,60,000	
	Carriage inwards	20,000	
	Add: Opening stock of raw materials	80,000	
	Less: Closing stock of raw materials	(30,000)	**2,30,000**
	Direct Wages		1,20,000
	Direct expenses:		
	Cost of special drawing	30,000	
	Hire charges paid for Plant	24,000	54,000
(ii)	**Prime Cost**		**4,04,000**
	Carriage on return	6,000	
	Store overheads (10% of material consumed)	23,000	
	Factory overheads (20% of Prime cost)	80,800	

PYQ Jul 2021 – Q2a

	Additional expenditure for rectification of defective products (refer working note)	2,160	1,11,960
	Gross factory cost		5,15,960
	Add: Opening value of W-I-P		50,000
	Less: Closing value of W-I-P		(24,000)
(iii)	**Works/ Factory Cost**		**5,41,960**
	Less: Realisable value on sale of scrap		(5,000)
(iv)	**Cost of Production**		**5,36,960**
	Add: Opening stock of finished goods		-
	Less: Closing stock of finished goods		-
	Cost of Goods Sold		**5,36,960**

PYQ Jul 2021 – Q2a

	Administrative overheads:		
	Maintenance of office building	2,000	
	Salary paid to Office staff	25,000	
	Legal Charges	2,500	29,500
	Selling overheads:		
	Expenses for participation in Industrial exhibition	8,000	8,000
	Distribution overheads:		
	Depreciation on delivery van	6,000	
	Warehousing charges	1,500	7,500
(v)	**Cost of Sales**		**5,81,960**

PYQ Jul 2021 – Q2a

Working Notes:

1. Number of Rectified units

Total Output	8,000 units
Less: Rejected 10%	800 units
Finished product	7,200 units
Rectified units (10% of finished product)	**720 units**

2. Proportionate additional expenditure on 720 units

= 20% of proportionate direct wages

= 0.20 x (₹ 1,20,000/8,000) x 720

= ₹ 2,160

PYQ Jan 2021 – Q2b

(b) *The following data are available from the books and records of Q Ltd. for the month of April 2020:*

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:

	1st April, 2020 (₹)	30th April, 2020 (₹)
Inventory:		
Raw material	20,000	25,000
Work-in-progress	20,000	30,000
Finished goods	50,000	60,000
Other details:		
Selling expenses		22,000
General & Admin. expenses		18,000

You are required to prepare a cost sheet for the month of April 2020 showing:

(i) Prime Cost

PYQ Jan 2021 – Q2b

(ii) *Works Cost*

(iii) *Cost of Production*

(iv) *Cost of Goods sold*

(v) *Cost of Sales and Profit earned.* **(10 Marks)**

PYQ Jan 2021 – Q2b

(b) Cost Sheet for the Month of April 2020

Particulars	(₹)
Opening stock of Raw Material	20,000
Add: Purchases [Refer Working Note-2]	1,65,000
Less: Closing stock of Raw Material	(25,000)
Raw material consumed	1,60,000
Add: Direct labour cost	1,20,000
Prime cost	**2,80,000**
Add: Factory overheads	1,00,000
Gross Works cost	**3,80,000**
Add: Opening work-in-progress	20,000
Less: Closing work-in-progress	(30,000)
Works Cost	**3,70,000**

PYQ Jan 2021 – Q2b

Cost of Production	**3,70,000**
Add: Opening stock of finished goods	50,000
Less: Closing stock of finished goods	(60,000)
Cost of goods sold	**3,60,000**
Add: General and administration expenses*	18,000
Add: Selling expenses	22,000
Cost of sales	**4,00,000**
Profit {Balancing figure (₹ 5,00,000 – ₹ 4,00,000)}	1,00,000
Sales	5,00,000

*General and administration expenses have been assumed as not relating to the production activity.

PYQ Jan 2021 – Q2b

Working Note:

1. Computation of the raw material consumed

Particulars	(₹)
Cost of Sales	4,00,000
Less: General and administration expenses	(18,000)
Less: Selling expenses	(22,000)
Cost of goods sold	3,60,000
Add: Closing stock of finished goods	60,000
Less: Opening stock of finished goods	(50,000)
Cost of production/Gross works cost	3,70,000
Add: Closing stock of work-in-progress	30,000
Less: Opening stock of work-in-progress	(20,000)
Works cost	3,80,000

PYQ Jan 2021 – Q2b

Less: Factory overheads $\left(\frac{₹\,1,20,000}{120}\times 100\right)$	(1,00,000)
Prime cost	2,80,000
Less: Direct labour	(1,20,000)
Raw material consumed	1,60,000

2. Computation of the raw material purchased

Particulars	**(₹)**
Closing stock of Raw Material	25,000
Add: Raw Material consumed	1,60,000
Less: Opening stock of Raw Material	(20,000)
Raw Material purchased	1,65,000

PYQ Nov 2020 – Q2a

(a) *X Ltd. manufactures two types of pens 'Super Pen' and 'Normal Pen'.*

The cost data for the year ended 30th September, 2019 is as follows:

	(₹)
Direct Materials	8,00,000
Direct Wages	4,48,000
Production Overhead	1,92,000
Total	14,40,000

It is further ascertained that :

(1) *Direct materials cost in Super Pen was twice as much of direct material in Normal Pen.*

(2) *Direct wages for Normal Pen were 60% of those for Super Pen.*

(3) *Production overhead per unit was at same rate for both the types.*

(4) *Administration overhead was 200% of direct labour for each.*

(5) *Selling cost was ₹ 1 per Super pen.*

PYQ Nov 2020 – Q2a

(6) Production and sales during the year were as follow :

Production		Sales	
	No. of units		No. of units
Super Pen	40,000	Super Pen	36,000
Normal Pen	1,20,000		

(7) Selling price was ₹ 30 per unit for Super Pen.

Prepare a Cost Sheet for 'Super Pen' showing:

(i) Cost per unit and Total Cost

(ii) Profit per unit and Total Profit **(10 Marks)**

PYQ Nov 2020 – Q2a

(a) Preparation of Cost Sheet for Super Pen

No. of units produced = 40,000 units

No. of units sold = 36,000 units

Particulars	Per unit (₹)	Total (₹)
Direct materials (Working note- (i))	8.00	**3,20,000**
Direct wages (Working note- (ii))	4.00	**1,60,000**
Prime cost	12.00	4,80,000
Production overhead (Working note- (iii))	1.20	**48,000**
Factory Cost	13.20	5,28,000
Administration Overhead* (200% of direct wages)	8.00	**3,20,000**
Cost of production	21.20	8,48,000
Less: Closing stock (40,000 units – 36,000 units)	-	**(84,800)**
Cost of goods sold i.e. 36,000 units	21.20	7,63,200
Selling cost	1.00	**36,000**
Cost of sales/ Total cost	**22.20**	**7,99,200**
Profit	**7.80**	**2,80,800**
Sales value (₹ 30 × 36,000 units)	30.00	**10,80,000**

PYQ Nov 2020 – Q2a

Working Notes:

(i) Direct material cost per unit of Normal pen = M

Direct material cost per unit of Super pen = 2M

Total Direct Material cost = 2M × 40,000 units + M × 1,20,000 units

Or, ₹ 8,00,000 = 80,000 M + 1,20,000 M

Or, M $= \frac{₹\ 8,00,000}{2,00,000} = ₹\ 4$

Therefore, Direct material Cost per unit of Super pen = 2 × ₹ 4 = ₹ 8

(ii) Direct wages per unit for Super pen = W

Direct wages per unit for Normal Pen = 0.6W

So, (W x 40,000) + (0.6W x 1,20,000) = ₹ 4,48,000

PYQ Nov 2020 – Q2a

W = ₹ 4 per unit

(iii) Production overhead per unit = $\frac{₹\,1,92,000}{(40,000+1,20,000)}$ = ₹ 1.20

Production overhead for Super pen = ₹ 1.20 × 40,000 units = ₹ 48,000

* Administration overhead is specific to the product as it is directly related to direct labour as mentioned in the question and hence to be considered in cost of production only.

Assumption: It is assumed that in point (1) and (2) of the Question, direct materials cost and direct wages respectively is related to per unit only.

Note: Direct Material and Direct wages can be calculated in alternative ways.

PYQ Nov 2019 – Q3b

(b) XYZ a manufacturing firm, has revealed following information for September ,2019:

	1st September (₹)	30th September (₹)
Raw Materials	2,42,000	2,92,000
Works-in-progress	2,00,000	5,00,000

The firm incurred following expenses for a targeted production of 1,00,000 units during the month :

Consumable Stores and spares of factory	3,50,000
Research and development cost for process improvements	2,50,000
Quality control cost	2,00,000
Packing cost (secondary) per unit of goods sold	2

PYQ Nov 2019 – Q3b

Lease rent of production asset	*2,00,000*
Administrative Expenses (General)	*2,24,000*
Selling and distribution Expenses	*4,13,000*
Finished goods (opening)	*Nil*
Finished goods (closing)	*5000 units*

Defective output which is 4% of targeted production, realizes ₹61 per unit.

Closing stock is valued at cost of production (excluding administrative expenses)

Cost of goods sold, excluding administrative expenses amounts to ₹78,26,000.

Direct employees cost is 1/2 of the cost of material consumed.

Selling price of the output is ₹110 per unit.

You are required to :

(i) Calculate the Value of material purchased

(ii) Prepare cost sheet showing the profit earned by the firm. ***(10 Marks)***

PYQ Nov 2019 – Q3b

(b) Workings:

1. Calculation of Sales Quantity:

Particular	Units
Production units	1,00,000
Less: Defectives (4%×1,00,000 units)	4,000
Less: Closing stock of finished goods	5,000
No. of units sold	91,000

2. Calculation of Cost of Production

Particular	Amount (₹)
Cost of Goods sold (given)	78,26,000
Add: Value of Closing finished goods $\left(\frac{₹\ 78,26,000}{91,000\ \text{units}} \times 5,000\ \text{units}\right)$	4,30,000
Cost of Production	82,56,000

PYQ Nov 2019 – Q3b

3. Calculation of Factory Cost

Particular	Amount (₹)
Cost of Production	82,56,000
Less: Quality Control Cost	(2,00,000)
Less: Research and Development Cost	(2,50,000)
Add: Credit for Recoveries/Scrap/By-Products/ misc. income (1,00,000 units × 4% × ₹ 61)	2,44,000
Factory Cost	80,50,000

4. Calculation of Gross Factory Cost

Particular	Amount (₹)
Cost of Factory Cost	80,50,000
Less: Opening Work in Process	(2,00,000)
Add: Closing Work in Process	5,00,000
Cost of Gross Factory Cost	83,50,000

PYQ Nov 2019 – Q3b

5. Calculation of Prime Cost

Particular	Amount (₹)
Cost of Gross Factory Cost	83,50,000
Less: Consumable stores & spares	(3,50,000)
Less: Lease rental of production assets	(2,00,000)
Prime Cost	78,00,000

6. Calculation of Cost of Materials Consumed & Labour cost

Let Cost of Material Consumed = M and Labour cost = 0.5M

Prime Cost = Cost of Material Consumed + Labour Cost

78,00,000 = M + 0.5M

M = 52,00,000

Therefore, Cost of Material Consumed = ₹ 52,00,000 and

Labour Cost = ₹ 26,00,000

(i) Calculation of Value of Materials Purchased

Particular	Amount (₹)
Cost of Material Consumed	52,00,000
Add: Value of Closing stock	2,92,000
Less: Value of Opening stock	(2,42,000)
Value of Materials Purchased	**52,50,000**

PYQ Nov 2019 – Q3b

Cost Sheet

Sl.	Particulars	Total Cost (₹)
1.	Direct materials consumed:	
	Opening Stock of Raw Material	2,42,000
	Add: Additions/ Purchases [balancing figure as per requirement (i)]	**52,50,000**
	Less: Closing stock of Raw Material	(2,92,000)
	Material Consumed	**52,00,000**
2.	Direct employee (labour) cost	**26,00,000**
3.	**Prime Cost (1+2)**	78,00,000
4.	*Add:* Works/ Factory Overheads	
	Consumable stores and spares	3,50,000
	Lease rent of production asset	**2,00,000**
5.	Gross Works Cost (3+4)	83,50,000

PYQ Nov 2019 – Q3b

6.	*Add:* Opening Work in Process	2,00,000
7.	Less: Closing Work in Process	(5,00,000)
8.	**Works/ Factory Cost (5+6-7)**	80,50,000
9.	*Add:* Quality Control Cost	**2,00,000**
10.	*Add:* Research and Development Cost	**2,50,000**
11.	*Less:* Credit for Recoveries/Scrap/By-Products/misc. income	**(2,44,000)**
12.	**Cost of Production (8+9+10-11)**	**82,56,000**
13.	*Add:* Opening stock of finished goods	-
14.	*Less:* Closing stock of finished goods (5000 Units)	**(4,30,000)**
15.	**Cost of Goods Sold (12+13-14)**	78,26,000
16.	*Add:* Administrative Overheads (General)	**2,24,000**
17.	*Add:* Secondary packing	**1,82,000**
18.	*Add:* Selling Overheads& Distribution Overheads	4,13,000
19.	**Cost of Sales (15+16+17+18)**	**86,45,000**
20.	**Profit**	**13,65,000**
21.	**Sales 91,000 units@ ₹ 110 per unit**	**1,00,10,000**

PYQ May 2019 – Q2a

(a) *M/s Areeba Private Limited has a normal production capacity of 36,000 units of toys per annum. The estimated costs of production are as under:*

(i)	Direct Material	₹ 40 per unit
(ii)	Direct Labour	₹ 30 per unit (subject to a minimum of ₹ 48,000 p.m.)
(iii)	Factory Overheads:	
	(a) Fixed	₹ 3,60,000 per annum
	(b) Variable	₹ 10 per unit
	(c) Semi-variable	₹ 1,08,000 per annum up to 50% capacity and additional ₹ 46,800 for every 20% increase in capacity or any part thereof.
(iv)	Administrative Overheads ₹ 5, 18,400 per annum (fixed)	

PYQ May 2019 – Q2a

(v) *Selling overheads are incurred at ₹ 8 per unit.*

(vi) *Each unit of raw material yields scrap which is sold at the rate of ₹ 5 per unit.*

(vii) *In year 2019, the factory worked at 50% capacity for the first three months but it was expected that it would work at 80% capacity for the remaining nine months.*

(viii) *During the first three months, the selling price per unit was ₹ 145.*

You are required to:

(i) *Prepare a cost sheet showing Prime Cost, Works Cost, Cost of Production and Cost of Sales.*

(ii) *Calculate the selling price per unit for remaining nine months to achieve the total annual profit of ₹ 8,76,600.* ***(10 Marks)***

PYQ May 2019 – Q2a

(a) (i) Cost Sheet of M/s Areeba Pvt. Ltd. for the year 2019.

Normal Capacity: 36,000 units p.a.

Particulars	3 Months 4,500 Units		9 Months 21,600 units	
	Amount (₹)	Cost per unit (₹)	Amount (₹)	Cost per unit (₹)
Direct material	1,80,000		8,64,000	
Less: Scrap	(22,500)		(1,08,000)	
Materials consumed	1,57,500	35	7,56,000	35
Direct Wages	1,44,000	32	6,48,000	30
Prime Cost	**3,01,500**	67	**14,04,000**	65
Factory overheads:				
- Fixed	90,000		2,70,000	
- Variable	45,000		2,16,000	
- Semi variable	27,000	36	1,51,200	29.50
Works Cost	**4,63,500**	103	**20,41,200**	94.50
Add: Administrative overheads	1,29,600	28.80	3,88,800	18
Cost of Production	**5,93,100**	131.80	**24,30,000**	112.5
Selling Overheads	36,000	8	1,72,800	8
Cost of Sales	**6,29,100**	139.80	**26,02,800**	120.5

PYQ May 2019 – Q2a

Working Notes:

1. Calculation of Costs

Particulars	4,500 units	21,600 units
	Amount (₹)	Amount (₹)
Material	1,80,000 (₹ 40 × 4,500 units)	8,64,000 (₹40 × 21,600 units)
Wages	1,44,000 (Max. of ₹ 30 × 4,500 units = ₹1,35,000 and ₹ 48,000 × 3 months = ₹1,44,000)	6,48,000 (21600 Units×30)
Variable Cost	45,000 (₹10 × 4,500 units)	2,16,000 (₹10 × 21,600 units)
Semi-variable Cost	27,000 ($\frac{₹\ 1,08,000}{12\ \text{Months}}$ ×3 Months)	1,51,200[($\frac{₹\ 1,08,000}{12\ \text{Months}}$ ×9 Months)

PYQ May 2019 – Q2a

		+46,800(for 20 % increase) +23,400(for 10% increase)
Selling Overhead	36,000 (₹8 × 4,500 units)	1,72,800(₹ 8 × 21,600 units)

Notes:

1. Alternatively scrap of raw material can also be reduced from Work cost.
2. Administrative overhead may be treated alternatively as a part of general overhead In that case, Works Cost as well as Cost of Production will be same i.e. ` 4,63,500 and Cost of Sales will remain same as ` 6,29,100.

(ii) Calculation of Selling price for nine months period

Particulars	Amount (₹)
Total Cost of sales ₹ (6,29,100+26,02,800)	32,31,900
Add: Desired profit	8,76,600
Total sales value	41,08,500
Less: Sales value realised in first three months (₹145 × 4,500 units)	(6,52,500)
Sales Value to be realised in next nine months	**34,56,000**
No. of units to be sold in next nine months	21,600
Selling price per unit (₹ 34,56,000 ÷ 21,600 units)	**160**

PYQ Nov 2018 – Q2a

(a) *Following details are provided by M/s ZIA Private Limited for the quarter ending 30 September, 2018:*

(i)	Direct expenses	₹ 1,80,000
(ii)	Direct wages being 175% of factory overheads	₹ 2,57,250
(iii)	Cost of goods sold	₹ 18,75,000
(iv)	Selling & distribution overheads	₹ 60,000
(v)	Sales	₹ 22,10,000
(vi)	Administration overheads are 10% of factory overheads	

Stock details as per Stock Register:

Particulars	**30.06.2018** ₹	**30.09.2018** ₹
Raw material	2,45,600	2,08,000
Work-in-progress	1,70,800	1,90,000
Finished goods	3,10,000	2,75,000

You are required to prepare a cost sheet showing:

(i) Raw material consumed

(ii) Prime cost

(iii) Factory cost

(iv) Cost of goods sold

(v) Cost of sales and profit **(10 Marks)**

PYQ Nov 2018 – Q2a

(a) **Cost Sheet**

(for the quarter ending 30 September 2018)

	Amount (₹)
(i) Raw materials consumed	
Opening stock of raw materials	2,45,600
Add: Purchase of materials	12,22,650*
Less: Closing stock of raw materials	(2,08,000)
Raw materials consumed	12,60,250
Add: Direct wages (1,47,000×175%)	2,57,250
Direct Expenses	1,80,000
(ii) Prime cost	**16,97,500**
Add: Factory overheads (2,57,250/175%)	1,47,000
Gross Factory cost	18,44,500
Add: Opening work-in-process	1,70,800
Less: Closing work-in-process	(1,90,000)
(iii) Factory cost	**18,25,300**

PYQ Nov 2018 – Q2a

Add: Administration overheads (10% of factory overheads)	14,700
Add: Opening stock of finished goods	3,10,000
Less: Closing stock of finished goods	(2,75,000)
(iv) Cost of goods sold	**18,75,000**
Add: Selling & distribution overheads	60,000
Cost of sales	19,35,000
(v) Net Profit	**2,75,000**
Sales	22,10,000

*(18,75,000 + 2,75,000 – 3,10,000 – (1,47,000 × 10%) + 1,90,000 –1,70,800 – (2,57,250 × 100/175%) - 1,80,000 – 2,57,250 + 2,08,000 – 2,45,600) = 12,22,650

Working notes

Purchase of raw materials = Raw material consumed + Closing stock - opening stock of raw material

Raw material consumed = Prime cost - Direct wages - Direct expenses

PYQ May 2018 – Q2a

(a) *Following information relate to a manufacturing concern for the year ended 31st March, 2018:*

	₹
Raw Material (opening)	*2,28,000*
Raw Material (closing)	*3,05,000*
Purchases of Raw Material	*42,25,000*
Freight Inwards	*1,00,000*
Direct wages paid	*12,56,000*
Direct wages-outstanding at the end of the year	*1,50,000*
Factory Overheads	*20% of prime cost*
Work-in-progress (opening)	*1,92,500*
Wo9rk-in-progres (closing)	*1,40,700*
Administrative Overheads (related to production)	*1,73,000*
Distribution Expenses	*₹16 per unit*
Finished Stock (opening)-1217 Units	*6,08,500*
Sale of scrap of material	*8,000*

The firm produced 14000 units of output during the year. The stock of finished goods at the end of the year is valued at cost of production. The firm sold 14153 units at a price of ₹618 per unit during the year.

Prepare cost sheet of the firm. ***(10 Marks)***

PYQ May 2018 – Q2a

(a) Cost sheet for the year ended 31st March, 2018.

Units produced - 14,000 units

Units sold - 14,153 units

Particulars	Amount (₹)
Raw materials purchased	42,25,000
Add: Freight Inward	1,00,000
Add: Opening value of raw materials	2,28,000
Less: Closing value of raw materials	(3,05,000)
	42,48,000
Less: Sale of scrap of material	8,000
Materials consumed	42,40,000
Direct Wages (12,56,000 + 1,50,000)	14,06,000
Prime Cost	56,46,000
Factory overheads (20% of ₹ Prime Cost)	11,29,200
Add: Opening value of W-I-P	1,92,500
Less: Closing value of W-I-P	(1,40,700)
Factory Cost	68,27,000
Add: Administrative overheads	1,73,000
Cost of Production	70,00,000

PYQ May 2018 – Q2a

Add: Value of opening finished stock	6,08,500
Less: Value of closing finished stock [₹ 500(70,00,000/14,000) × 1,064) (1,217+ 14,000 – 14,153 = 1,064 units)	(5,32,000)
Cost of Goods Sold	70,76,500
Distribution expenses (₹ 16 × 14,153 units)	2,26,448
Cost of Sales	73,02,948
Profit (Balancing figure)	14,43,606
Sales (₹ 618 × 14,153 units)	87,46,554

Revision Test Papers (RTPs)

May 2018 to Jan 2025

RTP Analysis

Exam	Q No.	Requirement	Special Points
RTP - Jan 2025	Q5	MCQ - RM Purchased	Reverse Calculation of Factory Cost then cal of material using equation
RTP - Jan 2025	Q11	Cost Sheet for silicon phone cover	Regular - Similar to Super Pen (covered in one shot)
RTP - Sep 2024	Q11	Calculate Material Consumed, Prime Cost, Cost of Production	Basic - Easy
RTP - May 2024	Q5	Prepare a Cost Sheet	Exhaustive Question - No Special Point
RTP - Nov 2023	Q5	Cost Sheet for July	Gratuity, Power, Diesel, GST RCM, CCTV
RTP - May 2023	Q5	Calculate Cost of Production	Same as RTP May 2020
RTP - Nov 2022	Q5	Cost Sheet for the month	Unit Calculation of Material and WIP, Necessity of unit column in cost sheet
RTP - May 2022	Q5	Cost Sheet for the month and Earnings per manshift, Output per manshift	Same as Nov 2023
RTP - Nov 2021	Q5	Mega Cost Sheet (similar to module problem)	Basic Easy
RTP - May 2021	Q5	Mega Cost Sheet (similar to module problem)	Basic Easy

RTP Analysis

Exam	Q No.	Requirement	Special Points
RTP - Nov 2020	Q5	Cost Sheet for the year	Production planning office expense - taken as admin related to production, Income Tax and Donation to PM Relief Fund to be ignored
RTP - May 2020	Q5	Cost of Production	**Error:** QC, Research and Admin related to Production are not taken properly in the Cost Sheet, Salary paid to Director (Technical) is part of general admin cost
RTP - Nov 2019	Q5	Cost Sheet with Heads	Same as Dec 2021 Exam Question
RTP - May 2019	Q5	Cost Sheet of Firm	Calculation of number of units of closing stock (Same as PYQ May 2018)
RTP - Nov 2018	Q5	Cost of Production	Same as RTP May 2020
RTP - May 2018	Q5	Cost of Production and Profit for the Month	Basic Easy

RTP Jan 2025 – Q5

5. Following information is available for the month of March relating to manufacturing of a product:

Particulars	Amount (₹)
Cost of Sales	37,51,540
Stock of Raw material as on 01st March	6,50,000
Direct Wages	11,44,000
Hire charges paid for Plant (indirect expenses)	3,24,740
Salary to office staff	1,78,750
Maintenance of office building	13,000
Depreciation on Delivery van	39,000
Warehousing charges	61,750
Stock of Raw material as on 31st March	1,95,000
Realisable value on sale of scrap	32,500

Factory overheads are 20% of the Prime cost.

RTP Jan 2025 – Q5

FIND OUT the value of Raw Material purchased with the help of Statement of Cost.

(a) ₹ 10,40,000

(b) ₹ 14,95,000

(c) ₹ 26,39,000

(d) ₹ 34,91,540

RTP Jan 2025 – Q5

5. (a) Statement of Cost for the month of March

Particulars	Amount (₹)	Amount (₹)
Cost of Material Consumed:		
Raw materials purchased	10,40,000**	
Add: Opening stock of raw materials	6,50,000	
Less: Closing stock of raw materials	(1,95,000)	14,95,000
Direct Wages		11,44,000
Prime Cost		26,39,000*
Hire charges paid for Plant (indirect expenses)	3,24,740	
Factory overheads (20% of Prime cost)	5,27,800	8,52,540
Works/ Factory Cost		34,91,540

RTP Jan 2025 – Q5

Less: Realisable value on sale of scrap		(32,500)
Cost of Production/ Cost of Goods Sold		34,59,040
Administrative overheads:		
Maintenance of office building	13,000	
Salary paid to Office staff	1,78,750	1,91,750
Distribution overheads:		
Depreciation on delivery van	39,000	
Warehousing charges	61,750	1,00,750
Cost of Sales		37,51,540

(Reverse calculation to be done to find out the value of Raw materials purchased)

* Prime Cost + 3,24,740 + 20% of Prime Cost = 34,91,540

1.2 Prime Cost = 34,91,540 - 3,24,740 = 31,66,800

Prime Cost = 26,39,000

** Raw materials purchased = 14,95,000 - 6,50,000 + 1,95,000

= 10,40,000

RTP Nov 2023 – Q5

5. A Ltd. produces a single product X. During the month of July 2023, the company has produced 14,560 tonnes of X. The details for the month of July 2023 are as follows:

(i) Materials consumed ₹ 15,00,000

(ii) Power consumed in operating production machinery 13,000 Kwh @ ₹ 7 per Kwh

(iii) Diesels consumed in operating production machinery 1,000 litres @ ₹ 93 per litre

(iv) Wages & salary paid – ₹ 64,00,000

(v) Gratuity & leave encashment paid – ₹ 44,20,000

(vi) Hiring charges paid for Heavy Earth Moving machines (HEMM) engaged in production - ₹ 13,00,000. Hiring charges is paid on the basis of production.

(vii) Hiring charges paid for cars used for official purpose – ₹ 80,000

(viii) Reimbursement of diesel cost for the cars – ₹ 20,000

(ix) The hiring of cars attracts GST under RCM @5% without credit.

(x) Maintenance cost paid for weighing bridge (used for weighing of final goods at the time of despatch) – ₹ 7,000

RTP Nov 2023 – Q5

(xi) AMC cost of CCTV installed at weighing bridge (used for weighing of final goods at the time of despatch) and factory premises is ₹ 6,000 and ₹ 18,000 per month respectively.

(xii) TA/ DA and hotel bill paid for sales manager- ₹ 16,000

(xiii) The company has 180 employees works for 26 days in a month.

Required:

PREPARE a Cost sheet for the month of July 2023.

RTP Nov 2023 – Q5

5. (a) Cost Sheet of A Ltd. for the month of July 2023

Particulars	Amount (₹)	Amount (₹)
Materials consumed		15,00,000
Wages & Salary	64,00,000	
Gratuity & leave encashment	44,20,000	1,08,20,000
Power cost (13,000 kwh × ₹ 7)	91,000	
Diesel cost (1,000 ltr × ₹ 93)	93,000	1,84,000
HEMM hiring charges		13,00,000
Prime Cost		**1,38,04,000**
AMC cost of CCTV installed at factory premises		18,000
Cost of Production/ Cost of Goods Sold		**1,38,22,000**

RTP Nov 2023 – Q5

Hiring charges of cars	80,000	
Reimbursement of diesel cost	20,000	
	1,00,000	
Add: GST @5% on RCM basis	5,000	1,05,000
Maintenance cost for weighing bridge	7,000	
AMC cost of CCTV installed at weigh bridge	6,000	13,000
TA/ DA & hotel bill of sales manager		16,000
Cost of Sales		**1,39,56,000**

RTP Nov 2022 – Q5

5. CT Limited is engaged in producing medical equipment. It has furnished following details related to its products produced during a month:

	Units	Amount (₹)
Raw materials		
Opening stock	1,000	90,00,000
Purchases	49,000	44,10,00,000
Closing stock	1,750	1,57,50,000
Works-in-progress		
Opening	2,000	1,75,50,000
Closing	1,000	94,50,000
Direct employees' wages, allowances etc.		6,88,50,000
Primary packaging cost (per unit)		1,440
R&D expenses & Quality control expenses		2,10,60,000
Consumable stores, depreciation on plant		3,42,00,000
Administrative overheads related to production		3,15,00,000

RTP Nov 2022 – Q5

Selling expenses		4,84,30,800
Royalty paid for production		3,64,50,000
Cost of web-site (for online sale) maintenance		60,75,000
Secondary packaging cost (per unit)		225

There was a normal scrap of 250 units of direct material which realized ₹ 5,400 per unit. The entire finished product was sold at a profit margin of 20% on sales.

You are required to PREPARE a cost sheet showing:

(i) Prime cost

(ii) Gross works cost

(iii) Factory costs

(iv) Cost of production

(v) Profit

(vi) Sales

RTP Nov 2022 – Q5

5. Cost Sheet

Particulars	Units	Amount (₹)
Material		
Opening stock	1,000	90,00,000
Add: Purchases	49,000	44,10,00,000
Less: Closing stock	(1,750)	(1,57,50,000)
	48,250	**43,42,50,000**
Less: Normal wastage of materials realized @ ₹ 5,400 per unit	(250)	**(13,50,000)**
Material consumed		43,29,00,000
Direct employee's wages and allowances		6,88,50,000
Direct expenses- Royalty paid for production		3,64,50,000
Prime cost	48,000	**53,82,00,000**
Factory overheads - Consumable stores, depreciation etc.		3,42,00,000
Gross Works Cost	48,000	**57,24,00,000**

RTP Nov 2022 – Q5

Add: Opening WIP	2,000	1,75,50,000
Less: Closing WIP	(1,000)	(94,50,000)
Factory/Works Cost	49,000	**58,05,00,000**
Administration Overheads related to production		3,15,00,000
R&D expenses and Quality control cost		2,10,60,000
Add: Primary packaging cost @ ₹ 1,440 per unit		**7,05,60,000**
Cost of production	49,000	**70,36,20,000**

Selling expenses		4,84,30,800
Cost of maintaining website for online sale		60,75,000
Secondary packaging cost @ ₹ 225 per unit	49,000	**1,10,25,000**
Cost of sales		76,91,50,800
Add: Profit @ 20% on sales or 25% of cost		**19,22,87,700**
Sales value		**96,14,38,500**

RTP Nov 2020 – Q5

5. The following details are available from the books of R Ltd. for the year ending 31st March 2020:

Particulars	Amount (₹)
Purchase of raw materials	84,00,000
Consumable materials	4,80,000
Direct wages	60,00,000
Carriage inward	1,72,600
Wages to foreman and store keeper	8,40,000
Other indirect wages to factory staffs	1,35,000
Expenditure on research and development on new production technology	9,60,000
Salary to accountants	7,20,000
Employer's contribution to EPF & ESI	7,20,000
Cost of power & fuel	28,00,000
Production planning office expenses	12,60,000
Salary to delivery staffs	14,30,000
Income tax for the assessment year 2019-20	2,80,000
Fees to statutory auditor	1,80,000
Fees to cost auditor	80,000
Fees to independent directors	9,40,000
Donation to PM-national relief fund	1,10,000

RTP Nov 2020 – Q5

Value of sales	2,82,60,000
Position of inventories as on 01-04-2019:	
- Raw Material	6,20,000
- W-I-P	7,84,000
- Finished goods	14,40,000
Position of inventories as on 31-03-2020:	
- Raw Material	4,60,000
- W-I-P	6,64,000
- Finished goods	9,80,000

From the above information PREPARE a cost sheet for the year ended 31st March 2020.

RTP Nov 2020 – Q5

Statement of Cost of R Ltd. for the year ended 31st March, 2020:

Sl. No.	Particulars	Amount (₹)	Amount (₹)
(i)	Material Consumed:		
	- Raw materials purchased	84,00,000	
	- Carriage inward	1,72,600	
	Add: Opening stock of raw materials	6,20,000	
	Less: Closing stock of raw materials	(4,60,000)	87,32,600
(ii)	Direct employee (labour) cost:		
	- Direct wages	60,00,000	
	- Employer's Contribution towards PF & ESIS	7,20,000	67,20,000
(iii)	Direct expenses:		
	- Consumable materials	4,80,000	
	- Cost of power & fuel	28,00,000	32,80,000
	Prime Cost		1,87,32,600
(iv)	Works/ Factory overheads:		
	- Wages to foreman and store keeper	8,40,000	

RTP Nov 2020 – Q5

	- Other indirect wages to factory staffs	1,35,000	9,75,000
	Gross factory cost		1,97,07,600
	Add: Opening value of W-I-P		7,84,000
	Less: Closing value of W-I-P		(6,64,000)
	Factory Cost		1,98,27,600
(v)	Research & development cost paid for improvement in production process		9,60,000
(vi)	Production planning office expenses		12,60,000
	Cost of Production		2,20,47,600
	Add: Opening stock of finished goods		14,40,000
	Less: Closing stock of finished goods		(9,80,000)
	Cost of Goods Sold		2,25,07,600

RTP Nov 2020 – Q5

(vii)	Administrative overheads:		
	- Salary to accountants	7,20,000	
	- Fees to statutory auditor	1,80,000	
	- Fees to cost auditor	80,000	
	- Fee paid to independent directors	9,40,000	19,20,000
(viii)	Selling overheads& Distribution overheads:		
	- Salary to delivery staffs		14,30,000
	Cost of Sales		2,58,57,600
	Profit (balancing figure)		24,02,400
	Sales		2,82,60,000

Note: Income tax and Donation to PM National Relief Fund is avoided in the cost sheet.

RTP May 2020 – Q5

5. From the following data of Arnav Metallic Ltd., CALCULATE Cost of production:

		Amount (₹)
(i)	Repair & maintenance paid for plant & machinery	9,80,500
(ii)	Insurance premium paid for plant & machinery	96,000
(iii)	Raw materials purchased	64,00,000
(iv)	Opening stock of raw materials	2,88,000
(v)	Closing stock of raw materials	4,46,000
(vi)	Wages paid	23,20,000
(vii)	Value of opening Work-in-process	4,06,000
(viii)	Value of closing Work-in-process	6,02,100
(ix)	Quality control cost for the products in manufacturing process	86,000
(x)	Research & development cost for improvement in production process	92,600
(xi)	Administrative cost for:	
	- Factory & production	9,00,000
	- Others	11,60,000
(xii)	Amount realised by selling scrap generated during the manufacturing process	9,200
(xiii)	Packing cost necessary to preserve the goods for further processing	10,200
(xiv)	Salary paid to Director (Technical)	8,90,000

RTP May 2020 – Q5

5. Calculation of Cost of Production of Arnav Metallic Ltd. for the period.....

Particulars	Amount (₹)
Raw materials purchased	64,00,000
Add: Opening stock	2,88,000
Less: Closing stock	(4,46,000)
Material consumed	62,42,000
Wages paid	23,20,000
Prime cost	85,62,000
Repair and maintenance cost of plant & machinery	9,80,500
Insurance premium paid for plant & machinery	96,000
Quality control cost	86,000
Research & development cost	92,600
Administrative overheads related with factory and production	9,00,000
	1,07,17,100

RTP May 2020 – Q5

Add: Opening value of W-I-P	4,06,000
Less: Closing value of W-I-P	(6,02,100)
	1,05,21,000
Less: Amount realised by selling scrap	(9,200)
Add: Primary packing cost	10,200
Cost of Production	1,05,22,000

Notes:

(i) Other administrative overhead does not form part of cost of production.

(ii) Salary paid to Director (Technical) is an administrative cost.