

**UCCC & SPBCBA & SDHGCBCA & IT**

**S.Y.B.com Sem. – 3**

**Advanced Accounting and Auditing Paper – 1**

**Unit costing:**

**Cost sheet proforma:**

Particulars	Total	per unit
<u>Materials consumed</u>		
Op. stock of raw material	XXX	
+ Purchase of raw material	XXX	
+ Purchase related expenses	<u>XXX</u>	
	XXX	
- Cl. Stock of raw material	<u>(XXX)</u>	
Cost of material consumed	XXX	XXX
+Direct wages	XXX	XXX
+Direct expenses	<u>XXX</u>	<u>XXX</u>
Prime Cost	XXX	XXX
+ Factory overheads	<u>XXX</u>	<u>XXX</u>
	XXX	XXX
+ Op. stock of Work-in-progress	<u>XXX</u>	<u>XXX</u>
	XXX	XXX
- Cl. Stock of Work-in-progress	<u>(XXX)</u>	<u>(XXX)</u>
Factory cost or Works cost	XXX	XXX
+ Administrative overheads	<u>XXX</u>	<u>XXX</u>
Cost of production	XXX	XXX
+ Op. stock of finished goods	<u>XXX</u>	
	XXX	
- Cl. Stock of finished goods	<u>(XXX)</u>	
Cost of production of goods sold	XXX	XXX
+ Selling and Distribution overheads	<u>XXX</u>	<u>XXX</u>
Cost of sales / Total cost	XXX	XXX
+ Profit	<u>XXX</u>	<u>XXX</u>
Sales	XXX	XXX

1. Costing department of L and T Company ltd, gives you the following information. Prepare a cost sheet.

Particulars	Amt (Rs)
Material cost	24,000
Direct Wages	16,000
Works overheads will be 50% of direct wages	
Unsold stock of finished goods will be 10% of factory cost	
Selling and Distribution overheads will be the same of wages cost	
Sales price	80,000
Profit will be 10% of sales of price	
Office overhead expenses will be 16% of sales price	

2. Total factory expenses are Rs 1,00,000 when 2000 units are produced. Factory expenses are 40% variable. The amount of expenses at production of 5000 units will be how much? *[V.N.S.G.U. Nov 2014]*

3. Direct materials                      Rs 2,00,000 (which is 50% of direct wages)  
 Factory overheads                      40% of prime cost  
 Office overheads                      20% of factory cost  
 Rate on profit                      20% on selling price  
 Find out selling price: *[V.N.S.G.U. Nov 2016]*

4. From the following information extracted from the records of a factory relating to a commodity, prepare the cost sheet showing total profit and profit per unit:

Purchase of raw materials	Rs 1,15,000
Carriage inwards	Rs 4000
Direct Wages	Rs 96,000
Machine hours worked	10,000 hours
Machine hour rate	Rs 4 per hour
Opening stock of raw materials	Rs25,000
Opening stock of finished goods (4000 units)	Rs40,000

Closing stock of raw materials	Rs20,000
Closing stock of finished goods	5000 units
Opening work – in – progress	Rs 5000
Closing work – in – progress	Rs 15,000
Office overheads	4% of work cost
Selling and Distribution expenses	Re 1 per unit
Sales	3,00,000
Production during the year	26,000 units

5. A company manufactured and sold 10,000 T.V sets in the year 2015 – 16. Its summarized Trading and Profit and Loss Account for the year 2015 – 16 is given below:

Particulars	Amt (Rs)	Particulars	Amt (Rs)
Materials	6,40,000	Sales	32,00,000
Wages	9,60,000		
Manufacturing exp.	4,00,000		
Gross profit	<u>12,00,000</u>		
	<u>32,00,000</u>		<u>32,00,000</u>
Rent and taxes	80,000		
Selling expenses	2,40,000		
General expenses	1,60,000		
Office salary	4,80,000		
Net Profit	<u>2,40,000</u>		
	<u>12,00,000</u>		<u>12,00,000</u>

For the year 2020 – 21 it is estimated that:

- (1) Price of material will reduce by 25%.
- (2) Wages rate will reduce by 10%.
- (3) Manufacturing expenses is 20% of prime cost.
- (4) Selling expenses per unit will increase by 25%.
- (5) Other expenses will remain unaffected by rise in output.
- (6) The output and the sales will be of 20,000 T.V. sets.

Prepare a statement showing the price at which T.V. sets to be marketed in 2020 – 21, so as to show a profit of 25% on total cost.

[V.N.S.G.U. Nov 2016]

6. In respect of a factory the following particulars have been extracted for the year 2019:

Particulars	Amt (Rs)
Cost of materials	60,000
Wages	50,000
Factory overheads	30,000
Administration charges	33,600
Selling charges	22,400
Distribution charges	14,000
Profit	42,000

A work order has to be executed in 2020 and the estimated expenses are materials of Rs 8000 and Wages Rs 5000. Assume that in the year 2020

- (1) The rate of factory overheads has gone up by 20%
  - (2) Distribution charges have gone down by 10%
  - (3) Selling and Administration charges have gone each up by 12.5%.
- At what price should the product to be sold so as to earn the same rate of profit on selling price in the year 2020.

Prepare:

1. Cost statement for the year 2019
  2. Tender statement for the year 2020.
7. Jagat Ram Ltd. has production capacity of 10,000 units. In the year 2012 it has produced and sold at its 40% capacity. The details are as under:

Particulars	Amt (Rs)
Direct Material consumed	6,00,000
Direct labour	4,00,000
Factory indirect expenses (40% variable)	2,00,000
Office indirect expenses (fixed)	1,60,000
Selling and Distribution expenses	2,40,000
Total sales	20,00,000

Estimate for the year 2013:

- (1) Production and sales will be at its full capacity.
- (2) 50% of selling and distribution expenses are variable changing along with the units of sales.
- (3) Rate of profit for the year 2013 is to be maintained as per last year.

You are required to prepare cost sheet for the year 2012 and 2013, showing total cost and per unit cost. *[V.N.S.G.U. Nov 2014]*

8. Hemin Ltd. has produced and sold 1000 mobile at its 50% capacity. The details are as under for the year ended on 31-12-2019

Particulars	Amt (Rs)
Materials	10,00,000
Direct labour	6,00,000
Direct expenses	2,00,000
Factory indirect expenses (50% variable)	4,00,000
Office indirect expenses (fixed)	3,00,000
Selling and Distribution expenses (40% variable)	2,00,000
Total sales	32,40,000

Estimate for the year 2020:

- (1) The output will be at its full production capacity.
- (2) 80% of the units produced will be sold.
- (3) Cost of raw materials and wages per unit will increase by 20% and 10% respectively
- (4) Factory, office and selling – distribution overheads (fixed) will increase by Rs 1,00,000, Rs 80,000 and Rs 40,000 respectively.
- (5) Variable selling expenses will increase by 25% per unit.
- (6) The rate of profit on cost will remain same as per the last year.

Prepare:

- (1) A statement of cost showing total as well as per unit cost for the year 2019.
- (2) A statement of cost showing estimated profit for the year 2020.

9. Profit and Loss Account of Anil Ltd. for the year ended on 31<sup>st</sup> March 2016:

Particulars	Amt (Rs)	Particulars	Amt (Rs)
Total direct cost	4,20,000	Sales (production and sales 4000units)	7,80,000
Factory O/H	90,000		
Office O/H	60,000		
Selling O/H	80,000		
Net profit	1,30,000		
	<u>7,80,000</u>		<u>7,80,000</u>

Total direct cost includes material, wages and other direct cost in the ratio of 3:2:1.

Factory overheads varies 40% directly with the production, whereas sales overheads varies 60% with sales.

Estimate for the year 2016-17:

[1] Production and sales will be 10,000 units.

[2] Direct labour cost per unit will increase 10%.

[3] Fixed factory overheads will increase Rs 16,000 and office overheads and fixed selling overheads will increase by 20%. There will be no change in other cost.

[4] The rate of profit on cost of the year 2015-16 has to be maintained.

Prepare Cost sheet for the year 2015-16 and Projected Cost Sheet for the year 2016-17.

[V.N.S.G.U Mar 17]

10. The books of Krishna Manu. Co presents the following data for the month of April 2010. Direct labour cost Rs 1,75,000 being 175% of work overheads. Cost of goods sold excluding administrative expenses Rs 5,60,000.

Inventory accounts showed the following opening and closing balances:

Particulars	April 1 <sup>st</sup> (Rs)	April 30 <sup>th</sup> (Rs)
Raw Materials	80,000	1,06,000
Work-in-progress	1,05,000	1,45,000

Finished goods	1,76,000	1,90,000
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Other data:

Selling expenses Rs 35,000 Administrative expenses Rs 25,000

Sales for the month Rs 7,50,000

You are required to:

- (1) Compute the value of materials purchased
  - (2) Prepare a statement showing the various elements of cost and also the profit earned.
- [V.N.S.G.U. March 2011]*

11. The following particulars are available from the records of Dhruv Co. Ltd for the year 2009.

Direct Wages: Rs 1,60,000 (160% of factory overhead expenses)

Total cost of sales: Rs 5,67,000

Opening balances and Closing balances of materials accounts are given below:

Particulars	1/1/2009 (Rs)	31/12/2009 (Rs)
Raw materials	70,000	76,000
Work-in-progress (at factory cost)	80,000	1,20,000
Finished goods	1,25,000 (1000 units)	1,80,000 (2000 units)

Other Information:

Selling and Distribution expenses Rs 72,000 (Rs 8 per unit)

General and administrative expenses Rs 50,000

Sales Rs 9,00,000

For the year ending on 31/12/2010 it is estimated that:

- (1) Output and sales will rise by 50% on the previous level.
- (2) Prices of materials will rise by 20% on the previous level.
- (3) Wages rates will rise by 10%.
- (4) Factory overhead expenses will rise in proportion to the combined costs

of materials and wages.

(5) Selling expenses per unit will remain unchanged.

(6) Other expense will remain unaffected by rise in output.

Prepare an estimated cost sheet for the year 2010 showing the price at which the unit will be sold as to earn the same rate of profit in sales as in the year

2009.

12. Mausam Ltd. manufactures two products namely X and Y. The cost for the year ended on 31-12-2017 was as under:

Direct materials: Rs 25,00,000

Direct Wages: Rs 11,25,000

Direct expenses: Rs 3,75,000

Total sales: Rs 50,00,000

- [1] Direct material per unit in X is two times higher as compared to Y.
- [2] Direct labour per unit for Y is 40% of X per unit.
- [3] Direct expenses of X and Y are in the proportion of its production.
- [4] Factory overheads in both the products are 20% of prime cost.
- [5] Office overheads in both the products are 50% of direct labour.
- [6] Stock of Finished goods of X (in units) is 25% of sales units while selling unit of Y is 4 times of finished goods stock (units).
- [7] Selling overheads per unit of X is Rs 8 and of Y is Rs 9.
- [8] Finished goods stock of X is Rs 5,42,500 and of Y is Rs 5,30,000.
- [9] Selling price per unit of X is twice as compared to Y.
- [10] Production cost per unit: X is Rs 217, Y is Rs 106. Prepare cost sheet of X and Y showing total cost, total profit and also show cost per unit and profit per unit of both X and Y. Calculate the profit on sales in percentage also.

*[V.N.S.G.U. Mar2019]*