

**MARUDHAR KESARI JAIN COLLEGE FOR WOMEN (AUTONOMOUS)**  
**PG and Research Department of Commerce**

<b>Core Course – Cost Accounting-I</b>	<b>23UCM 51</b>
Unit-II Cost Sheet and Methods of Costing Preparation of Cost Sheet - Tenders & Quotations – Unit Costing - Job Costing.	
<b>Learning Objectives :</b> To prepare the cost Sheet and Job Cost Sheet of the Organization	
<b>Course Outcome :</b> The students can able to prepare the cost Sheet and Job Cost Sheet.	

## **COST SHEET**

**Meaning:** Cost Sheet or a Cost Statement is “a document which provides for the assembly of the estimated detailed elements of cost in respect of cost centre or a cost unit.” The analysis for the different elements of cost of the product is shown in the form of a statement called “Cost Sheet.” The statement summarises the cost of manufacturing a particular list of product and discloses for a particular period:

- a. Prime Cost;
- b. Works Cost (or) Factory Cost;
- c. Cost of Production;
- d. Total Cost (or) Cost of Sales.

### **Importance of Cost Sheet**

- a. It provides for the presentation of the total cost on the basis of the logical classification.
- b. Cost sheet helps in determination of cost per unit and total cost at different stages of production.
- c. Assists in fixing of selling price.
- d. It facilitates effective cost control and cost comparison.
- e. It discloses operational efficiency and inefficiency to the management for taking corrective actions.
- f. Enables the management in the preparation of cost estimates to tenders and quotations.

### **Specimen Cost Sheet** **Cost Sheet for the period....**

<b>Particulars</b>	<b>Total Cost</b>	<b>Cost per Unit</b>
Direct Materials :		
Opening Stock of Raw Materials xxx	<b>XXX</b>	
Purchases xxx	<b>XXX</b>	

Carriage Inwards xxx	XXX	
	XXX	
Less: Closing Stock of Raw Materials xxx	XXX	
	XXX	
Direct Materials Consumed xxx	XXX	
Add : Direct Wages	XXX	
Direct Expenses	XXX	
Prime Cost (1)		
<b>Add : Works or Factory Overheads:</b>		
Indirect Materials		
Indirect Labour		
Factory Rent and Rates		
Factory Lighting and Heating		
Power and Fuel		
Repairs and Maintenance		
Cleaning		
Drawing Office Expenses		
Cost of Research and Equipments		
Depreciation of Factory Plant		
Factory Stationery		
Insurance of Factory		
Factory or Work Manager's Salary	XXX	
Other Factory Expenses	XXXX	
<b>Total Factory Cost xxx xxx</b>	XXX	
Add: Opening Stock of Work in Progress	XXXX	
	XXX	

<i>Less:</i> Closing Stock of Work in Progress	XXXX	
Works Cost (or) Factory Cost (2)		
<i>Add:</i> Office & Administrative Overheads:		
Office Rent and Rates		
Office Salaries		
Lighting and Heating		
Office Stationery		
Office Insurance		
Postage and Telegrams		
Office Cleaning		
Legal Charges		
Depreciation of Furniture and Office		
Equipments and Buildings Audit Fees		
Bank Charges and Commission	XXX	
	XXXX	
Total Cost of Production (3)	XXX	
	XXX	
<i>Add:</i> Opening Stock of Finished Goods	XXX	
<i>Less:</i> Closing Stock of Finished Goods		
	XXXX	
Cost of Production (4)		
<b><i>Add:</i> Selling and Distribution Overheads :</b>		
Showroom Rent and Rates		
Salesmen's Salaries		
Salesmen's Commission		
Sales Office Rent and Rates		

Travelling Expenses of Salesmen		
Warehouse Rent and Rates		
Advertisement Expenses		
Warehouse Staff Salaries		
Carriage Outwards		
Sales Manager's Salaries		
Repairs and Depreciation of Delivery Van		
Sample and Free Gifts	XXXX	
Bad debts, Debt Collection Expenses	XXXXX	
Cost of sales (5)	XXXX	
Profit / Loss (6)	XXXX	
Sales		

### Practical Problems

- 1) Calculate prime cost, Factory Cost, Cost of Production, Cost of Sales and Profit from the following details.

	Rs.
Direct Materials	10,000
Direct Labour	4,000
Direct Expenses	500
Factory Expenses	1,500
Administrative expenses	1,000
Selling Expenses	300
Sales	20,000

### Cost Sheet for the Particular Period

Particulars	Rs	Rs
Direct Materials		10000
Direct Labour		4000
Direct Expenses		500
<b>PRIME COST</b>		<b>14500</b>
Factory Expenses		1500
<b>FACTORY COST/ WORKS COST</b>		<b>16000</b>
Administrative Ex		1000
<b>COST OF PRODUCTION</b>		<b>17000</b>
Selling Expenses		300
<b>COST OF SALES</b>		<b>17300</b>
Profit		2700
<b>SALES</b>		<b>20000</b>

2) From the following information sheet prepare a cost for the month of January

	Rs.
Stock of Raw Materials on 1 <sup>st</sup> January	25,000
Stock of Raw Materials on 31 <sup>st</sup> January	26,200
Purchase of Raw Materials	21,900
Carriage on Purchase	1,100
Sale of Purchase	72,300
Direct Wages	17,200
Non-Productive Wages	800
Direct Expenses	1,200
Factory Expenses	8,300
Administrative overheads	3,200
Selling Expenses	4,200

**Cost Sheet for the month of January**

<b>Particulars</b>	<b>Rs</b>	<b>Rs</b>
Stock of Raw Materials (1 <sup>st</sup> janu)	25,000	

(+ ) Purchase of Raw Material	21,900	
(+ ) Carriage on Purchase	1100	
	<b>48000</b>	
(-)Stock Of Raw Materials	26,200	
<b>MATERIALS CONSUMED</b>		21800
(+ ) Direct Wages		17,200
(+) Direct expenses		1,200
<b>PRIME COST</b>		<b>40,200</b>
Factory Expenses	8,300	
Non- Productive Wages	800	9,100
<b>FACTORY COST</b>		<b>49,300</b>
Administrative Ex		3200
<b>COST OF PRODUCTION</b>		<b>52500</b>
Selling Expenses		4200
<b>COST OF SALES</b>		<b>56700</b>
Profit		15600
<b>SALES</b>		<b>72300</b>

3)From the following information you are asked to prepare a cost sheet and to ascertain cost and profit per unit with the help of the following data.

Units Produced	1200 units
Selling price per unit	Rs.6
Sales Revenue	Rs. 7,200
Cost of Production:	
Materials	Rs. 1320
Wages	Rs. 750

Manufacturing expenses .040 Per Unit of labour cost.

Administrative expenses 10% of works cost. It has been found from the records that the selling and distribution expenses amounted to 7 ½ on sales.

### Statement of Cost and Profit (Output 1200)

Particulars	Total	Per Unit
Materials	1320	1.10
Wages	750	0.625
<b>PRIME COST</b>	<b>2070</b>	<b>1.725</b>
(+) <b>Factory Overheads</b>  Manufacturing Expenses @ .040 per unit  1 rupee of Labour = 750 x 0.40	300	.025
<b>FACTORY COST/ WORKS COST</b>	<b>2370</b>	<b>1.975</b>
(+) <b>Administrative Overheads</b>  (10% of Works cost = 2370 x 10/100=237)	237	0.1975
<b>COST OF PRODUCTION</b>	<b>2607</b>	<b>2.1725</b>
(+ ) <b>Selling and Distribution expenses</b>  (7 ½% on sales = 7200 x 7.5/100)	540	0.45
<b>COST ON SALES</b>	<b>3147</b>	<b>2.6225</b>
Profit	4053	3.3775
<b>SALES</b>	<b>7200</b>	<b>6.0000</b>

4) From the following particulars, prepare a Cost Sheet showing (1) Cost of Materials Consumed (2) Prime Cost (3) Factory Cost (4) Cost of Production and (5) Profit

Particulars	Rs
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Opening stock of raw materials	20,000
Opening stock of work in progress	10,000
Opening stock of finished goods	50,000
Raw materials purchased	5,00,000
Direct wages	3,80,000
Sales for the year	12,00,000
Closing stock of raw materials	75,000
Closing stock of work in progress	15,000
Factory overhead	80,000
Direct expenses	50,000
Office and Administrative overhead	60,000
Selling and Distribution expenses	30,000

**Cost Sheet for the year .....**

Particulars	Amount Rs	Amount Rs
Opening Stock of Raw Materials	20,000	4,45,000
Purchases	5,00,000	
	<hr/> 5,20,000	
<i>Less</i> : Closing Stock of Raw Materials	75,000	
	<hr/>	
<b>Cost of Raw Materials Consumed (1)</b>		
	3,80,000	
<i>Add</i> : Direct Wages	50,000	
Direct Expenses	<hr/>	

		4,30,000
<b>Prime Cost (2)</b>		8,75,000
<i>Add : Factory overheads</i>	80,000	
<i>Add: Opening stock of work in progress</i>	10,000	
	90,000	
<i>Less: Closing stock of Work in Progress</i>	15,000	
		75,000
<b>Works Cost (or) Factory Cost (3)</b>		9,50,000
<i>Add: Office &amp; Administrative Overhead</i>		60,000
<b>Cost of Production (4)</b>		10,10,000
<i>Add: Opening Stock of Finished Goods</i>		50,000
		10,60,000
<i>Less: Closing Stock of Finished Goods</i>		50,000
<b>Cost of Goods Sold (5)</b>		10,10,000
		30,000
<i>Add : Selling and Distribution Overhead</i>		10,40,000
<b>Cost of Sales (6)</b>		1,60,000
<b>Profit (7)</b>		12,00,000
<b>Sales for the year</b>		

5 )The following information relates to the manufacture of a product during the month of Jan. 2003:

Raw materials consumed Rs. 20,000  
Direct wages Rs. 12,000  
Machine hours worked 1,000 hours  
Machine hour rate Rs. 2 per hour  
Office overhead 20% on works cost  
Selling overhead Re. 0.40 per unit  
Units produced 20,000 units  
Units sold at Rs. 3 each; 18,000 units

Prepare a Cost Sheet and show (a) Prime Cost (b) Work Cost (c) Cost of Production (d) Cost of Goods Sold (e) Cost of Sales (f) Profit

### Cost Sheet for Jan. 2003

Particulars	Amount Rs	Amount Rs
Raw Materials Consumed	20,000	
Direct Wages	12,000	
<b>Prime Cost (1)</b>		
Add: Factory Overhead		32,000
1000 x Rs. 2= 2,000		2,000
<b>Work Cost (2)</b>		34,000
Add : Office Overhead 20% on Works Cost (34000x20/100)		6,800
<b>Cost of Production (3)</b>		40,800
Less: Closing Stock of Finished Goods (Closing Stock 20000 - 18000 = 2000 Units) Value = 40,800 x 2,000/ 20000 = 4080		4,080
<b>Cost of Goods Sold (4)</b>		36,720
Add : Selling Overhead 18000 @ Re. 0.40		7,200
<b>Cost of Sales (5)</b>		43,920
<b>Profit (6)</b>		10,080
<b>Sales 18000 Units @ Rs. 3</b>		54000

6) The following information relates to the manufacture of a product during the month of Jan.2003:

Direct raw materials Rs. 1,60,000

Direct wages Rs. 90,000  
 Machine hours worked 6000  
 Machine hour rate Rs. 6  
 Office overhead 15% of work cost  
 Selling overhead Rs. 2 per unit  
 Units produced 5000 units  
 Units Sold 5,000 units @ Rs. 80 each  
 Prepare a cost sheet and show (a) Cost per unit and (b) Profit for the period.

**Cost Sheet for the month of January 2003**

Particulars	Rs	Rs
Direct Raw Materials	1,60,000	32.00
Direct wages	90,000	18.00
<b>Prime cost</b>	2,50,000	50.00
<b>Add: Factory Overhead</b> (6000 x Rs. 6)	36,000	7.20
<b>Works Cost</b>	2,86,000	57.20
<b>Add : Office Overhead</b> 2,86,000 x 15%	42,900	8.58
<b>Cost of Production</b>	3,28,900	65.78
<b>Add: Selling Overhead 5000 Units Rs. 2 Per unit</b> (5000 x Rs. 2)	10,000	2.00
<b>Cost of Good Sold</b>	3,38,900	67.78
Profit	61,100	12.22
<b>Sales 5,000 x Rs. 80</b>	4,00,000	80.00

7) The following particulars have been extracted from the books of Sharma & Co. Ltd.,  
 Chennai for the year ended 31 March 2003  
 Raw Materials Consumed Rs. 1,82,000  
 Direct Wages Rs. 58,000

Other Direct Expenses Rs. 22000

Factory Overheads 80% of direct wages

Office Overheads 10% of Work Cost

Selling and distribution expenses Rs. 2 per unit sold

Units produced and sold during the month 20,000. You are required to prepare a cost sheet for the year 2003 and also find the selling price per unit on the basis that profit mark up is uniformly made to yield a profit of 20% of the selling price.

**Cost Sheet for the year 2003 (units produced: 20000 )**

Particulars	Per unit Rs.	Total Cost Rs
Raw Materials Consumed	9.10	1,82,000
Direct Wages	2.90	58,000
Other Direct Expenses	1.10	22,000
<b>Prime Cost (1)</b>	13.10	2,62,000
Add : Factory Overheads :		
80% of Direct wages( 58000x80/100)	2.32	46,400
<b>Works Cost (2)</b>	15.42	3,08,400
Add : Office Overheads :		
10% of work cost ( 308400 x 10/100)	1.542	30,840
<b>Cost of production(3)</b>	16.962	3,39,240
Add : Selling & Distribution Expenses	2.00	40,000
<b>Cost of Goods Sold (4)</b>	18.962	3,79,240
	4.740	94,810
Add : Profit 20% of Selling Price (379240 x 20/80)	23.702	4,74,050
Selling Price		

**Model Questions**

**SECTION-A**

1. What is a Cost Sheet?
2. Calculate Prime Cost
  - a. Direct Material Rs.80,000
  - b. Direct Labour Rs.1,00000

- c. Direct Expenses Rs. 50,000
3. Write a short noteson a) Cost of Production b) Cost of Sales
  4. Write note on Tender.

## SECTION-B

### Answer all the Questions

5. Write a Simple format of Cost sheet.
6. Calculate prime cost, Factory Cost, Cost of Production, Cost of Sales and Profit from the following details.

	Rs.
Direct Materials	10,000
Direct Labour	4,000
Direct Expenses	500
Factory Expenses	1,500
Administrative expenses	1,000
Selling Expenses	300
Sales	20,000

7. The following information relates to the manufacture of a product during the month of Jan.2003:

Direct raw materials Rs. 1,60,000  
 Direct wages Rs. 90,000  
 Machine hours worked 6000  
 Machine hour rate Rs. 6  
 Office overhead 15% of work cost  
 Selling overhead Rs. 2 per unit  
 Units produced 5000 units  
 Units Sold 5,000 units @ Rs. 80 each

Prepare a cost sheet and show (a) Cost per unit and (b) Profit for the period.

8. From the following information you are asked to prepare a cost sheet and to ascertain cost and profitper unit with the help of the following data.

Units Produced 1200 units  
 Selling price per unit Rs.6  
 Sales Revenue Rs. 7,200  
 Cost of Production:  
 Materials Rs. 1320  
 Wages Rs. 750

Manufacturing expenses .040 Per Unit of labour cost.

Administrative expenses 10% of works cost. It has been found from the records that the selling and distribution expenses amounted to 7 ½ on sales.

9. The following information relates to the manufacture of a product during the month of Jan.2003:

Raw materials consumed	Rs.20,000
Direct wages	Rs.12,000
Machine hours worked	1,000hours
Machine hour rate	Rs. 2 per hour
Office overhead	20% on works cost
Selling overhead	Rs. 0.40 per unit
Units produced	20,000units

Units sold at Rs. 3 each; 18,000 units

Prepare a Cost Sheet and show (a) Prime Cost (b) Work Cost (c) Cost of Production (d) Cost of Goods Sold (e)Cost of Sales (f)Profit

### SECTION-C

10. From the following particulars, prepare a cost sheet for the month of Dec.1985:

	Rs.
Stock on hand-1 <sup>st</sup> Dec.1985: Raw materials	25,000
Finished goods	17,300
Stock on hand-31 <sup>st</sup> Dec.1985: Raw materials	26,200
Finished goods	15,700
Purchase of raw materials	21,900
Carriage on purchases	1,100
Work-in-progress 1 <sup>st</sup> Dec 1985 at works cost	8,200
Work-in-progress 31 <sup>st</sup> Dec 1985 at works cost	9,100
Sale of finished goods	72,300
Direct wages	17,200
Non productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling and distribution overheads	4,200

11. The following particulars have been extracted from the books of Sharma & Co. Ltd., Chennai for the year ended 31 March 2003

Raw Materials Consumed	Rs. 1,82,000
Direct Wages	Rs. 58,000
Other Direct Expenses	Rs. 22000
Factory Overheads 80% of direct wages	
Office Overheads 10% of Work Cost	
Selling and distribution expenses Rs. 2 per unit sold	

Units produced and sold during the month 20,000. You are required to prepare a cost sheet for the year 2003 and also find the selling price per unit on the basis that profit mark up is uniformly made to yield a profit of 20% of the selling price.