Q1. From the following information, prepare a statement showing the cost and profit per unit.

1. Direct material consumed 400000
2. Direct labour 40% of direct material cost
3. Direct expenses 50% of direct labour cost
4. Factory overheads 25% of Prime Cost
5. Office & Admin expenses have been absorbed @ Rs. 150 per 10 units produced
6. Selling & Distribution expenses have been applied @ Rs. 500 per 100 units sold
7. Opening Finished Stock 800 units @ 85.50 per unit
8. Closing Finished Stock 400 units
9. Finished Goods Sold 16,400
10. Profit 1/6 of Sales

Q2. From the following information, prepare a cost sheet.

	Opening	Closing
Raw Materials	Rs.29,500	Rs.36,000
Finished Goods	200 units @ Rs.84	1600 units
Work in Progress:		
Materials	13,600	12,000
Wages	11,000	16,500
Work Overheads	6,600	9,900

Purchase of Raw Material Rs. 190000, carriage on purchase Rs.1500, Sale of Scrap of raw materials Rs.5000

Wages Rs.297000

Works overheads are absorbed @ 60% of direct labour cost

Administration overheads are absorbed @ Rs.12 p.u. produced

Selling and distribution overheads are absorbed @ 20% of Selling Price

Sales 7600 units at a profit of 10% on Sales Price

Q3. A, B & N are partners doing business as engineers sharing profits and losses equally. A is a sleeping partner; B looks after factory and N after the administration. The following figures are extracted from their books for the year ended 30th June, 2014:

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
Raw Materials Purchased	50000	Advertising	3000
Opening Stock Raw Materials Finished Goods	 20000 5000	Closing Stock Raw Materials Finished Goods	 20000 3000
Power	1000	Agent's Commission	5000
Office Salaries	10000	Plant Maintenance	4000
Wages: Direct Indirect	30000 5000	Rent Rates Taxes(9/10 Works, 1/10 Office)	1000
Sundry ExpensesWorks Office	1000 2000	Salary to Partners:B N	2000 1000
Sales	200000	Building Repairs	1000
Carriage Outward	3000	Depreciation Plant & Machinery Building	 2000 1000
Travelling Expenses	1000	Carriage Inward	1000

Building is occupied 9/10 by factory and 1/10 by office.

You are required to prepare a detailed cost statement, assuming that 10,000 units were produced during the year.

State by what % the average selling price should be raised to double the net profit.

Q4.

Particulars	Amount	Particulars	Amount
Raw materials	48000	Office & Admin	3200
Direct Wages	40000	Closing WIP	6400
Opening Stock Raw Materials Finished Goods (1600 units)	 8000 6400	Closing Stock Raw Materials Finished Goods (3200 units)	 8800 ?
Opening WIP	1920	Advertising, Discount and selling cost	40 paise per unit
Works Overheads	16800	Sale of Finished Goods	120000

During the year 25,600 units were produced. From the above prepare a cost sheet showing unit cost

Q5. Bajaj Electricals Ltd manufactured and sold 1000 electric irons during the year ended 31st December 2014. Following were the expenses for manufacture of 1000 electric irons

Particulars	Amount	Particulars	Amount
Materials	80000	Direct Wages	120000
Manufacturing Cost	50000	Selling Exp	40000
Other overhead Exp	90000		

For the year ending on 31st December, 2015 it was estimated:
Output and sales will be 1500 electric Irons
Cost of materials will rise by 25% per unit
Wages per unit will decrease by 10%
Manufacturing cost will rise in proportion to the combined cost of materials and wages
Selling expenses per unit will remain unchanged.
Other overheads will increase by Rs. 60000
Prepare cost statement showing price at which the electric irons should be marketed so as to share a profit of 20% on selling price. Workings to form part of answer.

Q6. Electronics Ltd furnish the following information for 10,000 T.V. Valves manufactured during the year 2013.

Particulars	Amount	Particulars	Amount
Material	90000	Direct Wages	60000
Power & Consumables stores	12000	Factory indirect wages	15000
Lighting of factory	5500	Defective work (Cost of Rectification)	3000
Clerical Salaries	33500	Selling Exps	5500
Sale Proceeds of Scrap	2000	Plant repairs, depreciation,	11,500

The net selling price was Rs. 31.60 p.u. and all units were sold
As from 1st January, 2014, the selling price was reduced to Rs. 31 p.u. It was estimated that production could be increased in 2014 by 50% due to spare capacity.
Rates for materials and direct wages will increase by 10%.
You are required to prepare:

1. Cost sheet for 2013 showing various elements of cost per unit and
2. Estimated cost and profit statement for 2014.
3. Assuming that 15,000 units will be produced and sold during the year and factory overheads will be recovered as a % of direct wages, office and selling expenses as a % of works cost.

Q7. Smart shoe Polish company manufactures black and brown polish in one standard size of tin retailing at Rs. 1.08 and Rs. 1.20 respectively. Following is supplied to you.

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
Direct Materials		Sales	
Polish	738000	Black Polish	14,40,000
Tins	288000	Brown Polish	6,00,000
Direct Wages	244800	Production Overhead	367200
Admin & Selling Overhead	122400		
Opening Stock		Closing Stock	
Black Polish	48,000	Black Polish	1,08,000
Brown Polish	1,60,000	Brown Polish	60,000

The opening stock of black and brown polish was valued at its production cost of paise 80.40 per tin and paise 86.40 per tin respectively. The cost of raw materials for brown polish is 10% higher than that for black but there is no difference in the cost of tins. Direct wages for brown are 8% higher than those for black polish and production overheads are considered to vary with direct wages. Administrative and selling overhead is absorbed at a uniform rate per tin of polish sold. Prepare a statement to show the cost and profit per tin of polish.