

Cost Sheet

1. **Prime Cost:-** Total cost of direct materials costs, direct employee (labour) costs and direct expenses. The total of cost for each element has to be calculated separately.

Direct Material Cost.	XXX
Direct Employee (labour) Cost	XXX
Direct Expenses.	XXX
Prime cost	XXX

2. Cost of Production

Prime Cost	Xxx
Add : Factory Overheads	Xxx
Gross Works Costs	Xxxx
Add: Opening stock of Work-in-process	Xxx
Less: Closing stock of Work-in-process	(xxx)
Factory or Works Costs	Xxxx
Add: Quality Control Cost	Xxx
Add: Research & Development cost (Process related)	Xxx
Add: Administrative Overheads related with production	Xxx
Less: Credit for recoveries (miscellaneous income)	(xxx)
Add: Packing Cost (Primary packing)	Xxx
Cost of Production	Xxxx

3. **Cost of Goods Sold-** It is the cost of production for goods sold

Cost of Production	Xxx
Add: Cost of Opening stock of finished goods	Xxx
Less: Cost of Closing stock of finished goods	(xxx)
Cost of Goods Sold	xxxx

4. **Cost of Sales-** Total cost of a product incurred to make the product available to the customer or consumer.

Cost of Goods Sold	xxx
Add: Administrative Overheads (General)	xxx
Add: Selling Overheads	xxx
Add: Packing Cost (secondary)	xxx
Add: Distribution Overheads	xxx
Cost of Sales	xxxx

5. Cost Sheet-

	Particulars	Total Cost (Rs.)	Cost Per Unit (Rs.)
1.	Direct material Consumed: Opening Stock of Raw Material Add: Purchases Less: Closing Stock of Raw Material	XXX XXX XXX	
2.	Direct Labour Cost	XXX	
3.	Direct Expenses	XXX	
4.	Prime Cost (1+2+3)	XXX	
5.	Add: work and factory Overheads	XXX	
6.	Gross Work Cost (4+5)	XXX	
7.	Add: Opening Work in Progress	XXX	
8.	Less: Closing Work in Progress	XXX	
9.	Work or Factory Cost (6+7+8)	XXX	
10.	Add: Quality Control Cost	XXX	
11.	Add: Research & Development cost (Process related)	XXX	
12.	Add: Administrative Overheads related with production	XXX	
13.	Less: Credit for recoveries (miscellaneous income)	XXX	
14.	Add: Packing Cost (Primary packing)	XXX	
15.	Cost of Production (9+10+11+12+13+14)	XXX	
16.	Add: Cost of Opening stock of finished goods	XXX	
17.	Less: Cost of Closing stock of finished goods	XXX	
18.	Cost of Goods Sold (15+16+17)	XXX	
19.	Add: Administrative Overheads (General)	XXX	
20.	Add: Marketing Overheads: Selling Overheads Distribution Overheads	XXX	
21.	Cost of Sales (18+19+20)	XXX	

6. Statement of profit :-

Particulars	Rs.
Sales revenue	XXX
Less: Cost of sales	XXX
Profit	XXX

Question. The following data relates to the manufacture of a standard product during the month of April, 2020

Raw material – Rs. 1,80,000
 Direct wages- Rs. 90,000
 Machine hours worked (hours)- 10,000
 Machine hour rate – Rs. 8
 Administration overheads- Rs. 35,000
 Selling overheads (per unit)- Rs. 5
 Units Produced – 4,000
 Units Sold – 3,600
 Selling price per unit Rs. 125

Answer.

1. Cost sheet

Particulars	Total Cost (Rs.)	Cost Per Unit (Rs.)
Raw material	1,80,000	45.00
Direct Labour Cost	90,000	22.50
Prime Cost	<u>2,70,000</u>	<u>67.50</u>
Add: Factory Overheads (10,000 hours x Rs. 8 per hour)	80,000	20.00
Cost of Production	<u>3,50,000</u>	<u>87.50</u>
Less: Closing stock of finished goods (4,000-3,600)	(35,000)	-----
Cost of Goods Sold	<u>3,15,000</u>	<u>87.50</u>
Add: Administrative Overheads	35,000	8.75
Add: Selling Overheads	18,000	5.00
Cost of Sales	<u>3,68,000</u>	<u>101.25</u>

2. Statement of profit

Particulars	Rs.
Sales revenue (3,600 units @ Rs. 125)	4,50,000
Less: Cost of sales	3,68,000
Profit	82,000