

SAPAN PARIKH COMMERCE CLASSES

BRANCHES: Kandivali E: Station Thakur Village Kandivali W: Mahavir Nagar

A. 2 A

COMPUTATION OF MACHINE HOUR RATE				
		Column1	Column2	Column3
			Per Annum	Per Hour
Particulars	Workings	₹	₹	
A. Standing Charges				
Rent	₹ 1,20,000/6		20,000	
General Lighting	₹ 6,000 x 12/6		12,000	
Insurance Premium	Given		28,000	
Supervisor's Remuneration	₹ 15,000 x 12 x 1/5		36,000	
Other Factory Overheads	₹ 96,000/6		16,000	
Total			1,12,000	
Standing Charges per hour	₹ 1,12,000/1,600 hours			70.00
B. Running Charges				
Depreciation	₹ 90,000/1,600 hours			56.25
Annual Wages, Bonus & P.F. Cont.	₹ 1,50,000/3/1,600			31.25
Repairs & Maintenance	₹ 6,000 x 4/1,600 hours			15.00
Power	₹ 6 x 15 units			90.00
C. Machine Hour Rate				262.50

Important Points

- 1 There are six machines in the Shop
- 2 Above calculation is for one machine
- 3 Total Working hours are 1800 per anum
- 4 Out of which 200 hours are lost in normal repairs and maintenance
- 5 So, Effective running hours of the Machine is 1,800 - 200 = 1,600 hours
- 6 Annual Depreciation = (Original Cost - Estimated Scrap Value)/Life of Asset

$$= (12,00,000 - 1,200,00) / 12$$

$$= 90,000 \text{ per anum}$$

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A.2 B or

CALCULATION OF AMOUNT PAYABLE TO A WORKER		
Particulars	Job No 444	Job No 555
1 On Time Basis		
a Basic Wages (Hours worked x Rate per hour)		
= 20 hrs x ₹ 10	200	
= 20 hrs x ₹ 10		200
b Dearness Allowance		
Hours worked x Rate per hour		
= 20 hrs x ₹ 5	100	
= 20 hrs x ₹ 5		100
Total	300	300
2 On Halsey Plan Basis		
a Basic Wages + DA as in 1 above	300	300
b Bonus (50% of Time saved x Rate per hour)		
= (Time Saved/2)*Rate per hour		
= (26 hrs - 20hrs)/2*₹ 10	30	
= (30hrs - 20hrs)/2*₹ 10		50
Total	330	350
3 On Rowan Plan Basis		
a Basic Wages + DA as in 1 above	300	300
b Bonus		
= (Time Saved x Time Taken)/Time Allowed x Rate per hour		
= (6hrs x 20hrs)/26hrs x ₹ 10	46.15	
= (10hrs x 20hrs)/30hrs x ₹ 10		66.67
Total	346.15	366.67

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A.3 Stores Ledger as per FIFO Method for the Month of March 2016									
Date	Receipts	Column1	Column2	Issues	Column3	Column4	Balance	Column5	Column6
	Units	Price	Amount	Units	Rate	Amount	Units	Price	Amount
1st March	1,200	3.80	4,560				1,200	3.80	4,560
6th March				300	3.80	1,140	900	3.80	3,420
7th March	600	4.00	2,400				900	3.80	3,420
							600	4.00	2,400
9th March				100	4.00	400	900	3.80	3,420
							500	4.00	2,000
12th March				200	3.80	760	700	3.80	2,660
							500	4.00	2,000
20th March	400	4.20	1,680				700	3.80	2,660
							500	4.00	2,000
							400	4.20	1,680
25th March				400	3.80	1,520	300	3.80	1,140
							500	4.00	2,000
							400	4.20	1,680
29th March	800	4.40	3,520				300	3.80	1,140
							500	4.00	2,000
							400	4.20	1,680
							800	4.40	3,520
31st March				300	3.80	1,140	500	4.00	2,000
							400	4.20	1,680
							800	4.40	3,520
Total	3,000		12,160	1,300		4,960	1,700		7,200

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A.3 Stores Ledger as per Weighted Average Method for the Month of March 2016									
Date	Receipts	Column1	Column2	Issues	Column3	Column4	Balance	Column5	Column6
	Units	Price	Amount	Units	Rate	Amount	Units	Price	Amount
1st March	1,200	3.80	4,560				1,200	3.80	4,560
6th March				300	3.80	1,140	900	3.80	3,420
7th March	600	4.00	2,400				1,500	3.88	5,820
9th March				100	3.88	388	1,400	3.88	5,432
12th March				200	3.88	776	1,200	3.88	4,656
20th March	400	4.20	1,680				1,600	3.96	6,336
25th March				400	3.96	1,584	1,200	3.96	4,752
29th March	800	4.40	3,520				2,000	4.14	8,272
31 st March				300	4.14	1,241	1,700	4.14	7,031
Total	3,000		12,160	1,300		5,129	1,700		7,031

Summary As per FIFO Method

Opening Stock	-	-
Add: Purchases	3,000	12,160
Less: CoGS	(1,300)	(4,960)
Closing Stock	1,700	7,200

Summary As per Weighted Average Method

Opening Stock	-	-
Add: Purchases	3,000	12,160
Less: COGS	(1,300)	(5,129)
Closing Stock	1,700	7,031

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A. 3 a

Annual demand of Finished Goods = 50,000 units

A = Annual requirement of Raw Material = 50,000/5 = 10,000 kgs

c = Cost of Raw Material = Rs. 80 per kg

O = Ordering cost = Rs. 250 + 1150 = 1400

C (c * i) Carrying cost = Rs. 2 per kg p.a. + Rs. 5 per kg p.a. = Rs. 7 per kg p.a.

$$EOQ = \sqrt{\frac{2AO}{C}}$$

$$EOQ = \sqrt{\frac{2 * 10000 * 1400}{7}} = \mathbf{2000 \text{ units}}$$

$$\begin{aligned} \text{No of Order} &= \frac{10000}{2000} \\ &= 5 \text{ orders} \end{aligned}$$

For Tabular method let us assume that EOQ is (a) 500 kgs (b) 1,000 kgs (c) 2,000 kgs and (d) 5,000 kgs

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8
Annual Consumptions				10,000	10,000	10,000	10,000
EOQ				500	1,000	2,000	5,000
Average Inventory				250	500	1,000	2,500
No. of Orders (Consumption / EOQ)				20	10	5	2
Ordering Cost @ 1400 per order				28,000	14,000	7,000	2,800
Carrying Cost @ Rs. 7 per kg				1,750	3,500	7,000	17,500
Total Cost				29,750	17,500	14,000	20,300

Total Cost of Ordering and Carrying is Lowest when EOQ is 2,000 units.

So, the company should order 2,000 units.

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A. 3B

Column1	Column2	Total	P	Q	R	S	S1
Area		5,000	1,400	1,200	1,100	900	400
No. of Workers		800	250	300	100	100	50
Wages		3,00,000	1,00,000	80,000	50,000	50,000	20,000
Value of Plant		7,00,000	2,00,000	1,80,000	1,60,000	1,00,000	60,000
Stock Value		3,20,000	1,50,000	1,00,000	50,000	20,000	-
No. of Light Point		180	50	40	35	30	25

Statement of Primary Distribution of Overheads							
Column1	Basis	Total	P1	P2	P3	S1	S2
Supervision	No. of Workers	4,00,000	1,25,000	1,50,000	50,000	50,000	25,000
Fire Insurance for Stock	Stock Value	1,60,000	75,000	50,000	25,000	10,000	-
Lighting	No. of Light Point	1,80,000	50,000	40,000	35,000	30,000	25,000
Emp. Liability of Employee Ins	No. of Workers	60,000	18,750	22,500	7,500	7,500	3,750
Repair	Plant Value	3,50,000	1,00,000	90,000	80,000	50,000	30,000
Rent	Area	2,50,000	70,000	60,000	55,000	45,000	20,000
Depreciation	Plant Value	4,20,000	1,20,000	1,08,000	96,000	60,000	36,000
Total		18,20,000	5,58,750	5,20,500	3,48,500	2,52,500	1,39,750

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A.4	BHARAT ELECTRONICS LTD.				
COST SHEET FOR THE YEAR ENDED 31ST MARCH 2016					
Column1	Column2	Production Sales	10,000 9,000	Column3	Column4
	PARTICULARS	Total Cost ₹		Per Unit ₹	
A	Direct Material				
	Raw Materials Consumed:				
	Opening Stock of Raw Materials	1,00,000		10.00	
	Add: Purchases	8,45,000		84.50	
	Custom	5,000		0.50	
	Less: Closing Stock of Raw Materials	(40,000)		(4.00)	
	Raw Materials Consumed		9,10,000		91.00
B	Direct Wages		2,00,000		20.00
C	Chargeable Expenses		1,00,000		10.00
D	PRIME COST		12,10,000		121.00
E	Factory Overheads:				
	Haulage Charges	10,000		1.00	
	Loose Tools written off	20,000		2.00	
	Works Manager's Salary	1,65,000		16.50	
	Cost of Rectification	5,000		0.50	
			2,00,000		20.00
F	FACTORY/WORKS COST		14,10,000		141.00
G	Office Overheads (10% of Factory O/H)		20,000		2.00
H	COST OF PRODUCTION		14,30,000		143.00
I	Add: Opening Stock of Finished Goods (1,000 units)		1,59,920		15.99
J	Less: Closing Stock of Finished Goods (2,000 units @ ₹ 143 per unit)		(2,86,000)		
K	COST OF GOODS SOLD		13,03,920		144.88
L	Add: Selling Overheads (₹ 4 per unit sold)		36,000		4.00
M	COST OF SALES		13,39,920		148.88
N	PROFIT (25% on Cost)		3,34,980		37.22
O	SALES		16,74,900		186.10

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A. 4 OR

GOVIND INDUSTRIES LTD.		
COST SHEET FOR THE YEAR ENDED 31ST MARCH 2016		
Column 1	Output :	7,500
	STEP ELEMENT OF COST	Rs.
A	Direct Material	37,500
B	Direct Labour	45,000
C	PRIME COST	82,500
D	Factory Overheads:	
	25% of Prime Cost	20,625
E	FACTORY/WORKS COST	1,03,125
F	Office & Administrative Overhead	
	7,500 units x Rs. 2.50 per unit	18,750
G	COST OF PRODUCTION	1,21,875
H	Less: Closing Stock of Finished Goods	
	(Rs. 1,21,875/7,500 units x 1,500 units)	(24,375)
I	COST OF GOODS SOLD	97,500
J	Selling & Distribution Overheads	
	6,000 units x Rs. 3.5 per unit	21,000
M	COST OF SALES	1,18,500
N	LOSS (Bal. fig)	(70,500)
O	SALES/SELLING PRICE	48,000

units

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STATEMENT OF RECONCILIATION FOR THE YEAR 31ST MARCH 2016			
Column 1	Particulars	Rs.	Rs.2
	Net Profit as per Financial Accounts		34,300
	Add:		
1	Expenses debited to Financial A/cs only		
	Interest on Loan	1,400	
	Income Tax	750	
2	Closing Stock of Finished Goods under valued in Financial A/cs (24,375 - 6,600)	17,775	19,925
			54,225
	Less:		
1	Materials over recovered in Cost Accounts (37,500 - 20,000)	17,500	
2	Wages over recovered in Cost Accounts (45,000 - 7,540)	37,460	
3	Factory Overheads over recovered in Cost Accounts (20,625 - 5,460)	15,165	
4	Office Overheads over recovered in Cost Accounts (18,750 - 5,250)	13,500	
5	Selling & Distribution over recovered in Cost Accounts (21,000 - 9,600)	11,400	
6	Income Credited only in Financial Accounts:		
	Interest on Investment	17,700	
	Profit on Sale of Furniture	12,000	(1,24,725)
	Net Loss as per Cost Accounts		(70,500)