



SNS College of Technology

Coimbatore - 35



23BAT605 - FINANCIAL STATEMENT ANALYSIS
Unit III – Introduction

Topic: Guess?????



Presented by

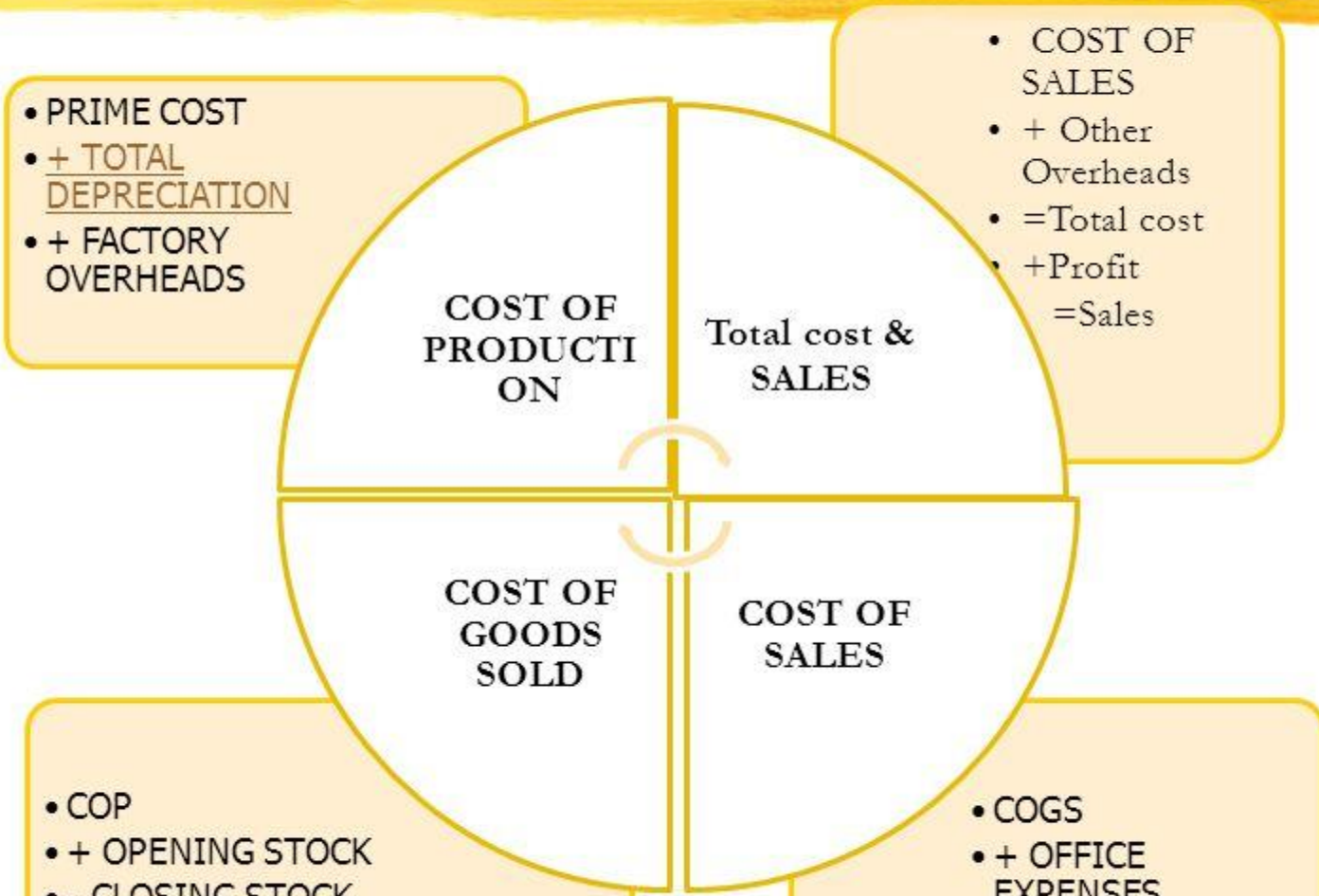
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COST SHEET





COST SHEET

- A cost sheet is a statement which represents the various costs incurred at different stages of business operations, in a tabular format.
- It determines the total cost or expenditure made by the organization, along with the cost incurred on each unit of a product or service in a particular period.





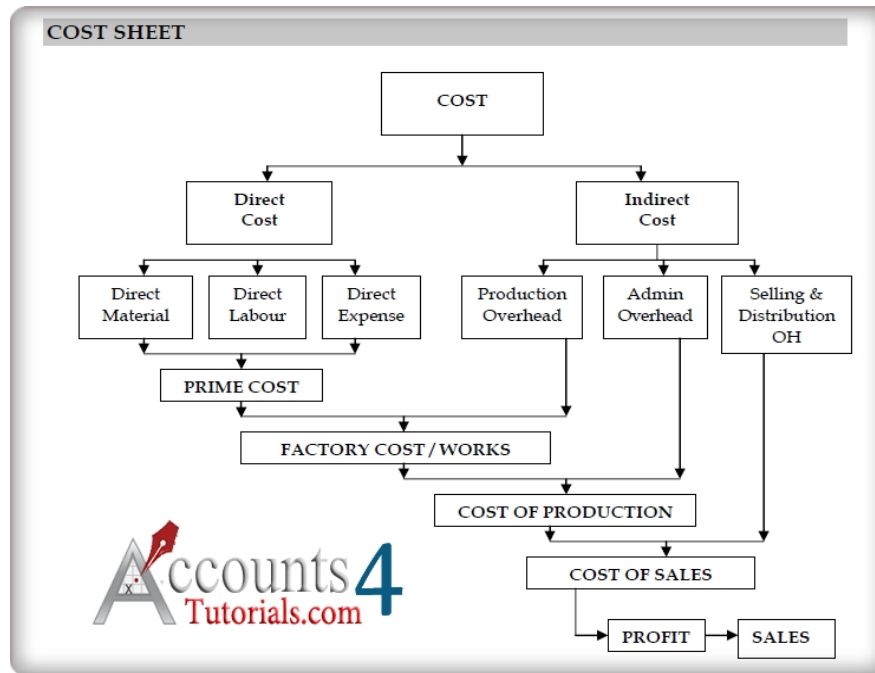
METHOD OF PREPARATION OF COST SHEET

Step I	<p>Prime Cost = Direct Material Consumed + Direct Labour + Direct Expenses</p> <p>Direct Material= Material Purchased + Opening stock of raw material-Closing stock of raw material.</p>
Step II	<p>Works Cost = Prime Cost + Factory Overheads (Indirect Material + Indirect Labour + Indirect Expenses)+opening Work in progress-Closing Work in progress</p>
Step III	<p>Cost of Production = Works Cost + Office and Administration overheads + Opening finished goods-Closing finished goods</p>
Step IV	<p>Total Cost = Cost of Production + Selling and Distribution Overheads</p>
Profit	<p>Sales – Total Cost</p>





OBJECTS OF PREPARING A COST SHEET:





COMPONENTS OF COST



y:





Prime Cost

$\text{Prime Cost} = \text{Direct Material} + \text{Direct Labour} + \text{Direct Expenses}$

Works Cost or Factory Cost

$\text{Works Cost} = \text{Prime Cost} + \text{Factory Overhead} + \text{Op. Stock of WIP} - \text{Cl. Stock of WIP}$

$\text{Factory Overhead} = \text{Indirect Material} + \text{Indirect Labour} + \text{Indirect Expenses}$





Cost of Production

$\text{Cost of Production} = \text{Works Cost} + \text{Administration Overhead}$

$\text{Cost of Production of Goods Sold} = \text{Works Cost} + \text{Administration Overhead} + \text{Finished Goods(Opening)} - \text{Finished Goods(Closing)}$

Total Cost

$\text{Total Cost} = \text{Cost of Production of Goods Sold} + \text{Selling and Distribution Overhead}$

$\text{Profit} = \text{Sales} - \text{Total Cost}$





Cost Sheet Format



Particulars	Amt (₹)	Amt (₹)
Opening Stock Of Raw Materials	xxx	
Add: Purchase Of Raw Materials	xxx	
Purchase Expenses	xxx	
Less: Closing Stock Of Raw Materials	xxx	
Defective Materials Returned	xxx	
I. Raw material Consumed	xxx	
II. Add: Direct Labor	xxx	
Factory Wages, Productive Wages	xxx	
Less: Abnormal Idle Time	xxx	
III. Add: Direct Expenses		
Excise Duty	xxx	
Royalty paid on production Basis	xxx	
Hire Charges on Special plant	xxx	
A-Prime Cost		xxx
IV. Works overheads:		
Power	xxx	
Factory Supervision	xxx	
Stores	xxx	
Depreciation	xxx	
Factory Expenses Etc.	xxx	
Less : Sales of scrap	xxx	
Cost of Operation		xxx
Add: Opening Stock of Work in Progress		xxx
Less: Closing Stock Of Work in Progress		xxx
B- Factory Cost or Works Cost		xxx
V. Office Overheads		
Printing & stationery	xxx	
Office Salary	xxx	
Conveyance	xxx	
Electricity Bills	xxx	
Legal Expenses	xxx	
Postage etc.	xxx	
C. Cost Of Production		xxx
Add: Opening Stock of Finished Goods		xxx
Less: Closing Stock of Finished Goods		xxx
D. Cost Of Goods Sold		xxx
VI. Selling & Distribution Overheads		
Travelling	xxx	
Warehouse Expenses	xxx	
Salary of Sales Manager	xxx	
Commission	xxx	
Advertising Expenses	xxx	





Time for the assessment...



List out the objectives for preparing cost sheet





Summary

Preparation of cost sheet





References...



- <https://www.toppr.com/guides/fundamentals-of-accounting/fundamentals-of-cost-accounting/format-of-cost-sheet/>



Thank
you





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