



# SNS College of Technology

## Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS  
Unit III – COST ACCOUNTING

Topic: Guess?????



**Presented by**

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**1<sup>st</sup> Indian Institution to Implement Design Thinking Curriculum**  
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Topic....





	Rs.
Stock of Material on 1.1.88	6,720
Materials Purchased	1,50,000
Materials returned to suppliers	2,000
Direct Labour	50,000
Direct Expenses	20,000
Factory Expenses	15,300
Office & Administrative Expenses	8,000
Selling & Distribution Expenses	7,900
Stock of Materials on 31.12.88	7,720
Profit	10,000





“

# Calculate

- (a) Material Consumed
- (b) Prime Cost
- (c) Works Cost
- (d) Cost of Production
- (e) Total Cost and
- (f) Sales.





### Statement of Cost for the year ended 31.12.88

<i>Particulars</i>	<i>Amount</i>	
	<i>Rs.</i>	<i>Rs.</i>
Opening Stock of Materials		6,720
Add : Purchases of Material	1,50,000	
Less : Materials returned of Suppliers	2,000	1,48,000
		1,54,720
Less : Closing Stock of Materials		7,720
<b>RAW MATERIALS CONSUMED</b>		1,47,000
Direct Labour		50,000
Direct Expenses		20,000
<b>PRIME COST</b>		2,17,000
<b>Factory Overhead</b>		
Factory Expenses		15,300
<b>WORKS COST</b>		2,32,300
<b>Office &amp; Administration Overhead</b>		
Office & Administration Expenses		8,000
<b>COST OF PRODUCTION</b>		2,40,300
<b>Selling &amp; Distribution Overhead</b>		
Selling & Distribution Expenses		7,900
<b>TOTAL COST/COST OF SALES</b>		2,48,200
<b>PROFIT</b>		10,000
<b>SALES</b>		2,58,200





## PROBLEM 2

	Rs.
Opening stock of raw materials	20,000
Closing stock of raw materials	30,000
Purchase of raw materials	1,05,000
Import duty paid on raw material purchased	15,000
Carriage Inward	5,000
Primary packing materials	3,000
Productive wages	95,000
Opening stock of work-in-progress at prime cost	17,000
Closing stock of work-in-progress at prime cost	10,000
Hire charge paid on plant	14,000
Other chargeable expenses	6,000

### Solution

#### Statement showing the Prime Cost

	Rs.	Rs.
Opening Stock of raw materials		20,000
<i>Add :</i> Purchase of raw materials	1,05,000	
<i>Add :</i> Import duty	15,000	
Carriage Inward	5,000	
Primary packing materials	3,000	1,28,000
		1,48,000
<i>Less :</i> Closing Stock of raw materials		30,000
Raw materials consumed		1,18,000
<i>Add :</i> Direct wages		95,000
<i>Add :</i> Direct Expenses		
Hire charges on plant	14,000	
Other chargeable expenses	6,000	20,000
		2,33,000
<i>Add :</i> Opening Stock of W.O.P. at prime cost		17,000
		2,50,000
<i>Less :</i> Closing Stock of W.I.P. at prime cost		10,000





## PROBLEM 3

		Rs.
Opening stock of raw materials (1.8.97)	-	10,000
Raw materials purchased	-	80,000
Raw materials returned	-	5,000
Carriage Inward for raw materials purchased	-	4,000
Raw materials on 31.8.1997	-	6,000
Work-in-Progress at Prime Cost on 1.8.97	-	8,000
Work-in-Progress at Prime Cost on 31.8.97	-	4,000
Chargeable expenses	-	10,000
Productive Wages	-	40,000

### Solution

Statement showing the Prime Cost for the month of August 1997

	Rs.	Rs.
Opening Stock of raw materials		10,000
Add : Purchase of raw materials	80,000	
Less : Return	5,000	
	75,000	
Add : Carriage Inward	4,000	79,000
		89,000
Less : Stock of raw materials on 31.8.97		6,000
Raw Materials Consumed		83,000
Add : Productive Wages		40,000
Add : Chargeable Expenses		10,000
		1,33,000
Add : Opening Stock of W.I.P. at Prime Cost		8,000
		1,41,000
Less : Closing Stock of W.I.P. at Prime Cost		4,000
<b>PRIME COST</b>		<b>1,37,000</b>







## PROBLEM 4

		Rs.
Cost of special drawing	-	15,000
Hire charge for machinery	-	12,000
Return of raw material	-	20,000
Carriage on return	-	3,000
Rent, rates and insurance of works	-	6,000
Cost of factory supervision	-	4,000
Sale of Scrap	-	500
Cost of rectification of defective works	-	1,500
Stock of raw materials on 31.8.1997	-	15,000
Stock of W.I.P. on 31.8.1997	-	12,000

### Solution

Statement showing the Works Cost for the month of August 1997.

	Rs.	Rs.
Opening Stock of raw materials	40,000	
<i>Add</i> : Purchase	1,00,000	
	1,40,000	
<i>Add</i> : Carriage Inwards	10,000	
	1,50,000	
<i>Less</i> : Return of raw materials	20,000	
	1,30,000	
<i>Less</i> : Closing stock of raw materials	15,000	
Raw materials consumed		1,15,000
<i>Add</i> : Direct wages		60,000
<i>Add</i> : Chargeable Expenses :		
Cost of Special drawings	15,000	
Hire charge of machinery	12,000	27,000
<b>PRIME COST</b>		<b>2,02,000</b>
<i>Add</i> : Factory Overheads		
Rent, rates and insurance of works	6,000	
Cost of factory supervision	4,000	
Cost of rectification of defective works	1,500	
Carriage on return	3,000	
	14,500	
<i>Add</i> : Opening Stock of W.I.P.	25,000	
	39,500	
<i>Less</i> : Closing Stock of W.I.P.	12,000	
	27,500	
<i>Less</i> : Sale of Scrap	500	
		27,000
<b>WORKS COST</b>		<b>2,29,000</b>



# Time for the assessment...



Differentiate PRIME Cost and Cost of Sales.





# Summary

## Preparation of cost sheet





# References...



- <https://www.yourarticlelibrary.com/cost-accounting/cost-sheet/cost-sheet-meaning-objects-and-method-of-preparation-cost-accounting/74311>



Thank  
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