

# SAPAN PARIKH COMMERCE CLASSES

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

A. 2 A

COMPUTATION OF MACHINE HOUR RATE			
		Per Annum	Per Hour
Particulars	Workings	₹	₹
<b>A. Standing Charges</b>			
Rent	₹ 1,20,000/6	20,000	
General Lighting	₹ 6,000 × 12/6	12,000	
Insurance Premium	Given	28,000	
Supervisor's Remuneration	₹ 15,000 × 12 × 1/5	36,000	
Other Factory Overheads	₹ 96,000/6	16,000	
<b>Total</b>		<b>112,000</b>	
Standing Charges per hour	₹ 1,12,000/1,600 hours		<b>70.00</b>
<b>B. Running Charges</b>			
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 × 4/1,600 hours		15.00
Power	₹ 6 × 15 units		90.00
<b>C. Machine Hour Rate</b>			<b>262.50</b>

## 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
<b>1 On Time Basis</b>		
<b>a</b> Basic Wages (Hours worked x Rate per hour) = 20 hrs x ₹ 10 = 20 hrs x ₹ 10	200	200
<b>b</b> Dearness Allowance Hours worked x Rate per hour = 20 hrs x ₹ 5 = 20 hrs x ₹ 5	100	100
<b>Total</b>	<b>300</b>	<b>300</b>
<b>2 On Halsey Plan Basis</b>		
<b>a</b> Basic Wages + DA as in 1 above	300	300
<b>b</b> Bonus (50% of Time saved x Rate per hour) = (Time Saved/2)*Rate per hour = (26 hrs - 20hrs)/2*₹ 10 = (30hrs - 20hrs)/2*₹ 10	30	50
<b>Total</b>	<b>330</b>	<b>350</b>
<b>3 On Rowan Plan Basis</b>		
<b>a</b> Basic Wages + DA as in 1 above	300	300
<b>b</b> Bonus = (Time Saved x Time Taken)/Time Allowed x Rate per hour = (6hrs x 20hrs)/26hrs x ₹ 10 = (10hrs x 20hrs)/30hrs x ₹ 10	46.15	66.67
<b>Total</b>	<b>346.15</b>	<b>366.67</b>

# SAPAN PARIKH COMMERCE CLASSES

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## A.3 Stores Ledger as per FIFO Method for the Month of March 2016

Date	Receipts			Issues			Balance		
	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
<b>Total</b>	<b>3,000</b>		<b>12,160</b>	<b>1,300</b>		<b>4,960</b>	<b>1,700</b>		<b>7,200</b>

# SAPAN PARIKH COMMERCE CLASSES

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

## A.3 Stores Ledger as per Weighted Average Method for the Month of March 2016

Date	Receipts			Issues			Balance		
	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
<b>Total</b>	<b>3,000</b>		<b>12,160</b>	<b>1,300</b>		<b>5,129</b>	<b>1,700</b>		<b>7,031</b>

### Summary As per FIFO Method

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

### Summary As per Weighted Average Method

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

# SAPAN PARIKH COMMERCE CLASSES

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

**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**

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.

## SAPAN PARIKH COMMERCE CLASSES

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### A. 3B

		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		300,000	100,000	80,000	50,000	50,000	20,000
Value of Plant		700,000	200,000	180,000	160,000	100,000	60,000
Stock Value		320,000	150,000	100,000	50,000	20,000	-
No. of Light Point		180	50	40	35	30	25

### Statement of Primary Distribution of Overheads

	Basis	Total	P1	P2	P3	S1	S2
Supervision	No. of Workers	400,000	125,000	150,000	50,000	50,000	25,000
Fire Insurance for Stock	Stock Value	160,000	75,000	50,000	25,000	10,000	-
Lighting	No. of Light Point	180,000	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	350,000	100,000	90,000	80,000	50,000	30,000
Rent	Area	250,000	70,000	60,000	55,000	45,000	20,000
Depreciation	Plant Value	420,000	120,000	108,000	96,000	60,000	36,000
<b>Total</b>		<b>1,820,000</b>	<b>558,750</b>	<b>520,500</b>	<b>348,500</b>	<b>252,500</b>	<b>139,750</b>

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A.4		BHARAT ELECTRONICS LTD.			
COST SHEET FOR THE YEAR ENDED 31ST MARCH 2016					
		Production	10,000		
		Sales	9,000		
	PARTICULARS	Total Cost ₹		Per Unit ₹	
<b>A</b>	<b>Direct Material</b>				
	Raw Materials Consumed:				
	Opening Stock of Raw Materials	100,000		10.00	
	<b>Add:</b> Purchases	845,000		84.50	
	Custom	5,000		0.50	
	<b>Less:</b> Closing Stock of Raw Materials	(40,000)		(4.00)	
	Raw Materials Consumed		910,000		91.00
<b>B</b>	<b>Direct Wages</b>		200,000		20.00
<b>C</b>	<b>Chargeable Expenses</b>		100,000		10.00
<b>D</b>	<b>PRIME COST</b>		1,210,000		121.00
<b>E</b>	<b>Factory Overheads:</b>				
	Haulage Charges	10,000		1.00	
	Loose Tools written off	20,000		2.00	
	Works Manager's Salary	165,000		16.50	
	Cost of Rectification	5,000		0.50	
			200,000		20.00
<b>F</b>	<b>FACTORY/WORKS COST</b>		1,410,000		141.00
<b>G</b>	<b>Office Overheads</b> (10% of Factory O/H)		20,000		2.00
<b>H</b>	<b>COST OF PRODUCTION</b>		1,430,000		143.00
<b>I</b>	<b>Add:</b> Opening Stock of Finished Goods (1,000 units)		159,920		15.99
<b>J</b>	<b>Less:</b> Closing Stock of Finished Goods (2,000 units @ ₹ 143 per unit)		(286,000)		
<b>K</b>	<b>COST OF GOODS SOLD</b>		1,303,920		144.88
<b>L</b>	Add: Selling Overheads (₹ 4 per unit sold)		36,000		4.00
<b>M</b>	<b>COST OF SALES</b>		1,339,920		148.88
<b>N</b>	<b>PROFIT</b> ( 25% on Cost)		334,980		37.22
<b>O</b>	<b>SALES</b>		<b>1,674,900</b>		<b>186.10</b>

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A. 4 OR

<b>GOVIND INDUSTRIES LTD.</b>		
<b>COST SHEET FOR THE YEAR ENDED 31ST MARCH 2016</b>		
	Output :	<b>7,500</b> units
	<b>STEP ELEMENT OF COST</b>	<b>Rs.</b>
<b>A</b>	<b>Direct Material</b>	37,500
<b>B</b>	<b>Direct Labour</b>	45,000
<b>C</b>	<b>PRIME COST</b>	<b>82,500</b>
<b>D</b>	<b>Factory Overheads:</b> 25% of Prime Cost	20,625
<b>E</b>	<b>FACTORY/WORKS COST</b>	<b>103,125</b>
<b>F</b>	<b>Office &amp; Administrative Overhead</b> 7,500 units x Rs. 2.50 per unit	18,750
<b>G</b>	<b>COST OF PRODUCTION</b>	<b>121,875</b>
<b>H</b>	<b>Less: Closing Stock of Finished Goods</b> (Rs. 1,21,875/7,500 units x 1,500 units)	(24,375)
<b>I</b>	<b>COST OF GOODS SOLD</b>	<b>97,500</b>
<b>J</b>	<b>Selling &amp; Distribution Overheads</b> 6,000 units x Rs. 3.5 per unit	21,000
<b>M</b>	<b>COST OF SALES</b>	<b>118,500</b>
<b>N</b>	<b>LOSS (Bal. fig)</b>	(70,500)
<b>O</b>	<b>SALES/SELLING PRICE</b>	<b>48,000</b>



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STATEMENT OF RECONCILIATION FOR THE YEAR 31ST MARCH 2016			
	Particulars	Rs.	Rs.
	<b>Net Profit as per Financial Accounts</b>		34,300
	<b>Add:</b>		
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
			<b>54,225</b>
	<b>Less:</b>		
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	<b>Income Credited only in Financial Accounts:</b>		
	Interest on Investment	17,700	
	Profit on Sale of Furniture	12,000	(124,725)
	<b>Net Loss as per Cost Accounts</b>		<b>(70,500)</b>