**COST ACCOUNTING-Solve the Problems**

1)Calculate cost of production from the following information:-

Raw material purchased = Rs 42,500

Freight paid = Rs 5,000

Labour charges = Rs 12,500

Direct expenses = Rs 10,000

Factory overhead 80% of Direct labour charges

Administrative overhead = 10% of work cost

Opening stock Closing stock

Raw material 8,000 10,000

Work in progress 7,500 9,000

**Solution: -** Calculation of cost of production:-

|  |  |  |
| --- | --- | --- |
| **Particular** | **Amount (Rs)** | **Amount (Rs)** |
| Material purchased | 42,500 |  |
| **Add:**- freight | 5,000  ------------- |  |
| Total cost of material purchased | 47,500 |  |
| **Add**:- Opening stock of Raw material | 8,000  ------------ |  |
| Material available for consumption | 55,500 |  |
| **Less**:- Closing stock of Raw material | 10,000  ------------ |  |
| Raw material consumed | 45,500 |  |
| **Add**:- Direct labour charges | 12,500 |  |
| **Add**:- Direct expenses | 10,000 |  |
| **Prime cost** |  | 68,000 |
| **Add:**- Factory overhead |  | 10,000  ------------ |
| Current manufacturing cost |  | 78,000 |
| **Add**:- Opening stock of work in progress |  | 7,500  ------------ |
| Total goods processed during the period |  | 85,500 |
| **Less:**- Closing stock of work in progress |  | 9,000  ------------ |
| Factory cost |  | 76,500 |
| **Add:**- Administrative overhead |  | 7,650  ------------ |
| **Cost of production** |  | 84,150 |

2)Prepare cost sheet in the book of M. B. Rehman from the following particulars.

Opening stock: - Raw material = Rs 5,000

Finished goods = Rs 4,000

Closing stock: - Raw material = Rs 4,000

Finished goods = Rs 5,000

Raw material purchased = Rs 50,000

Wages paid to laboures = Rs 20,000

Chargeable expenses = Rs 2,000

Rent and Taxes = Rs 7,400

Power = Rs 3,000

Experimental expenses = Rs 600

Sale of wastage of material = Rs 200

Office management salary = Rs 4,000

Office printing & stationery = Rs 200

Salaries to salesman = Rs 2,000

Commission to traveling agents = Rs 1,000

Sales = Rs 1, 00,000