

Ques 1(a)

Company Name

(FIFO)

unit produced

10000

Cost Sheet for the period March 2021				
			COST (in RS)	Per Unit Cost (in Rs.)
	Purchases		83000	
Add	Opening Stock		12000	
Less	Closing Stock		5000	
	Direct Material (Raw Material consumed)		90000	9
	Direct Labour		15000	1.5
	Direct Expenses		15000	1.5
		Prime Cost	120000	12
Add	Factory/Prod/Manufacturing Overheads		15000	1.5
		Factory/Prod/manufacturing /work Cost	135000	13.5
Add	Office & General Administration Overheads		13500	1.35
		Cost of Production	148500	14.85
Add	Opening Stock of Finished Goods		15000	
Less	Closing Stock of Finished Goods (2000 units)	14.85*2000	29700	2000
		COGS(sales)	133800	14.86666667
Add	Selling & Distribution Overheads		36000	4
		Cost of Sales	169800	18.86666667
Add	Profit		47450	4.716666667
		Sales	212250	23.58333333

Ques 1 (b)

Cash BEP	$(\text{cash fixed cost-dep})/(\text{sp}-(\text{vc-depr}))$	8000
	Cash Fixed cost	160000
	Cash VC	30
	Cash contribution	20

Ques 2 (a)

Statement of Marginal Cost and contribution during recession				
Production and sales (Units)		10000	1500	Under Shut-down condition
	Per unit (in Rs.)	Total		
Sales	100	1000000	150000	
Less: Marginal cost				
Material Cost	30	300000	45000	
Labour Cost	20	200000	30000	
Variable factory O/H	10	100000	15000	
Variable selling O/H	5	50000	7500	
Total	65	650000	97500	
Contribution	35	350000	52500	
Less: Fixed Cost			150000	
Factory o/h		100000	100000	40000
Selling o/h		50000	50000	20000
shut down cost				5000
re-opening cost				10000
Total		150000	150000	
Operating profit/loss		200000	-97500	75000
P/V Ratio		35		

As the expected level of sales is less than shut down point it is advisable to shut down the plant temporarily



Computation of shut down point			
Total Fixed Cost			150000
Unavoidable Fixed Cost (40000+20000)			60000
Additional Fixed Cost			15000
net avoidable fixed cost			75000
Shut down point(in units)			2142.857143
net avoidable fixed cost/contribution per unit			
Shut down point(in Rs.)			214285.7143
net avoidable fixed cost/P/V Ratio			

Ques 3.(a)

Cash Budget (for the months of April, May and June 2022)

Particulars	April	May	June
Opening balance (A)	7,500	33,000	37,000
Add: Receipts			
Cash Sales(40% of sales)	16,000	18,000	22,000
Receipt from debtor	30,000	24,000	27,000
Total receipts (B)	46,000	42,000	49,000
Less: Payments			
Creditors	14,000	33,000	36,000
Fixed Cost(5,000-2,000)	3,000	3,000	3,000
Commission to sales agent	3,500	2,000	2,250
Total Payments (c)	20,500	38,000	41,250
Closing Balance (A+B-C)	33,000	37,000	44,750

Working Note

particulars	April	May	June
cost of sales (60% Of the sales)(A)	24,000	27,000	33,000
Desired Closing inventory at cost(B)	60,000	69,000	66,000
A+B	84,000	96,000	99,000
Less Opening Inventory(C)	51,000	60,000	69,000
Purchases=(A+B-C)	33,000	36,000	30,000
Payment to creditors	14,000	33,000	36,000

Ques 4(a)

Process Account A Account

Dr	Units	Amount	Particular	Units	Cr
Particular					Amount
To Units issued @ Rs.60 per unit	7500	450000	Normal Loss	375	4687
Labour		135750	Abnormal Wastage	75	7260
DE 60% of D.Wages		81450	Process B A/c	7050	682403
Manufacturing o/h 20% of D. Wages		27150			
	7500	694350		10000	694350

Input	Output	Normal Loss	Abnormal Loss
7500	7050	375	75
Cost of Abnormal loss		96.794807	7259.610526

Process Account B Account					
Dr			Cr		
Particular	Units	Amount	Particular	Units	Amount
To Process A Account (Output Re	7050	682403	Normal Loss	705	26437.5
Labour		129250			
DE 65% of D.Wages		84012.5	Process C A/c	6525	913824.5
Manufacturing o/h 15% of D. Wages		19387.5			
Abnormal Effectiveness Account	180	25209			
	7230	940261.95		7230	940262

Input	Output	Normal Loss	abnormal gain
7050	6525	705	-180
value of Abnormal loss		140.05	-25209

Finished Stock Account					
Dr			Cr		
Particular	Units	Amount	Particular	Units	Amount
To Process B Account (Output Re	6525	913824.5	Sales	6000	966343.1
Costing P&L Account(Profit Trf)		126044.8	Closing stock	525	73526.1
Abnormal Effectiveness Account					
	6525	1039869.2		6525	1039869.20

Selling price	161.06	
Profit	21.01	15% on cost
Cost	140.05	

