

**Illustration 25 : (Table Method - Different Lots)**

The following details are available.

1. Inventory requirement per year 6,000 units.
2. Cost per unit (other than carrying and ordering costs), ₹ 5.
3. Carrying costs per item for one year, ₹ 1.
4. Cost of placing each order, ₹ 60.
5. Alternative order sizes (units) : 2,000; 1,200; 1,000; 600 and 200

Determine the economic order quantity.

**Solution :**

**Illustration 41 :**

From the following information, prepare Stores Ledger and find out value of Closing Stock as per FIFO method :

January 2019	Transactions	Units	Rate per Unit (₹)
1	Balance	500	40
2	Sales	300	50
6	Purchases	800	44
8	Sales	400	52
12	Sales	300	53
14	Purchases	400	50
26	Sales	600	54

Shortage of 15 units was found on 31st January, 2019.

**Solution :**

(T.Y.B.Com., Nov. 2017, Mar. 2018, adapted)

**Illustration 48 : [Earnings (2 Workers) and Cost (3 Jobs)]**

Calculate the earnings of A and B from the following particulars for a month and allocate the labour cost to each job X, Y and Z :

	A	B
(i) Basic Wages	₹ 100	160
(ii) Dearness Allowance	50%	50%
(iii) Contribution to Provident Fund (on basic wages)	8%	8%
(iv) Contribution to Employees' State Insurance (on basic wages)	2%	2%
(v) Overtime	Hours 10	

The Normal working hours for the month are 200. Overtime is paid at double the total of normal wages and dearness allowance. Employer's and Employees' contribution to State Insurance and Provident Fund are at equal rates. The two workers were employed on jobs X, Y and Z in the following proportions:

	Jobs		
	X	Y	Z
Workers A	40%	30%	30%
Worker B	50%	20%	30%

Overtime was done on job Y at the request of the customer.

Solution :

(T.Y.B.Com.. Oct. 2014. 2018. adapted)

9. Earnings under Barth System =  $R \sqrt{SH \times AH} = ₹ 10 \sqrt{44 \times 10} = ₹ 419.52$

**Illustration 35 : (Job Cost under Halsey / Rowan)**

A worker takes 6 hours to complete a job under a scheme of payment by results. The standard time allowed for the job is 9 hours. His wage rate is ₹ 1.50 per hour. Material cost of the job is ₹ 16 and the overheads are recovered at 150% of the total direct wages. Calculate the factory cost of job under (a) Rowan and (b) Halsey systems of Incentive.

**Solution :**

There are five departments; P, N, H and S are production departments and T is a service department. The actual cost for a period are as follows :

Repairs					₹
Rent					35,000
Depreciation					25,000
Supervision					42,000
Insurance					40,000
Light					16,000
Employer's liability of employees' insurance					18,000
					6,000

The following information is also available in respect of the five departments :



**10.6 PREPARING P & L A/C + COST SHEET****Illustration 21 :**

From the following particulars prepare:

- A Statement of Cost of Manufacture for the year ended 2013;
- A Statement of Profit as per Cost Accounts;
- Profit and Loss Account in the Financial Books; and
- Show how you would attribute the difference in the profit as shown by (b) and (c).

Particulars	₹
Opening stock of Raw Materials	2,88,000
Opening stock of Finished Articles	5,76,000
Purchases of Raw Materials	17,28,000
Stock of Raw Materials at the end	4,32,000
Stock of Finished Articles at the end	1,44,000
Wages	7,20,000

Calculate factory oncost at 20% on prime cost, and office on cost at 80% on factory on cost. Actual works expenses amounted to ₹ 4,54,300 and office expenses amounted to ₹ 3,71,900. The selling price was fixed at a profit of 20% on cost.

**Solution :**