

Cost Accountancy
B. Com. Part III

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Question: The following cost figures are related to the production of 2400 table fans by a factory during a period of six months.

Materials	1,08,800
Wages	2,40,000
Factory overhead	51,200
Office overhead	20,000
Selling price	4,62,000

Prepare a statement showing cost per fans and price to be quoted for 600 fans to realise the same percentage of profit was realised during the six months, detailed above, assuming identical cost.

Solution:

(A) Statement of cost of 2400 table fans.

Materials consumed	1,08,800
+ Wages -	2,40,000
(A) <u>Prime cost.</u>	<u>3,48,800</u>
+ Factory overhead	51,200
(B) <u>WORKS COST.</u>	<u>4,00,000</u>
+ office overhead.	20,000
(C) <u>profit -</u>	<u>4,20,000</u>
(D) <u>Selling price.</u>	<u><u>4,62,000</u></u>

(B) computation of tender price
600 fans.

cost of 600 table fans	175 per fans
+ Profit -	1,05,000
105,000 x 100	10,500
<u>tender price -</u>	<u>1,15,500</u>