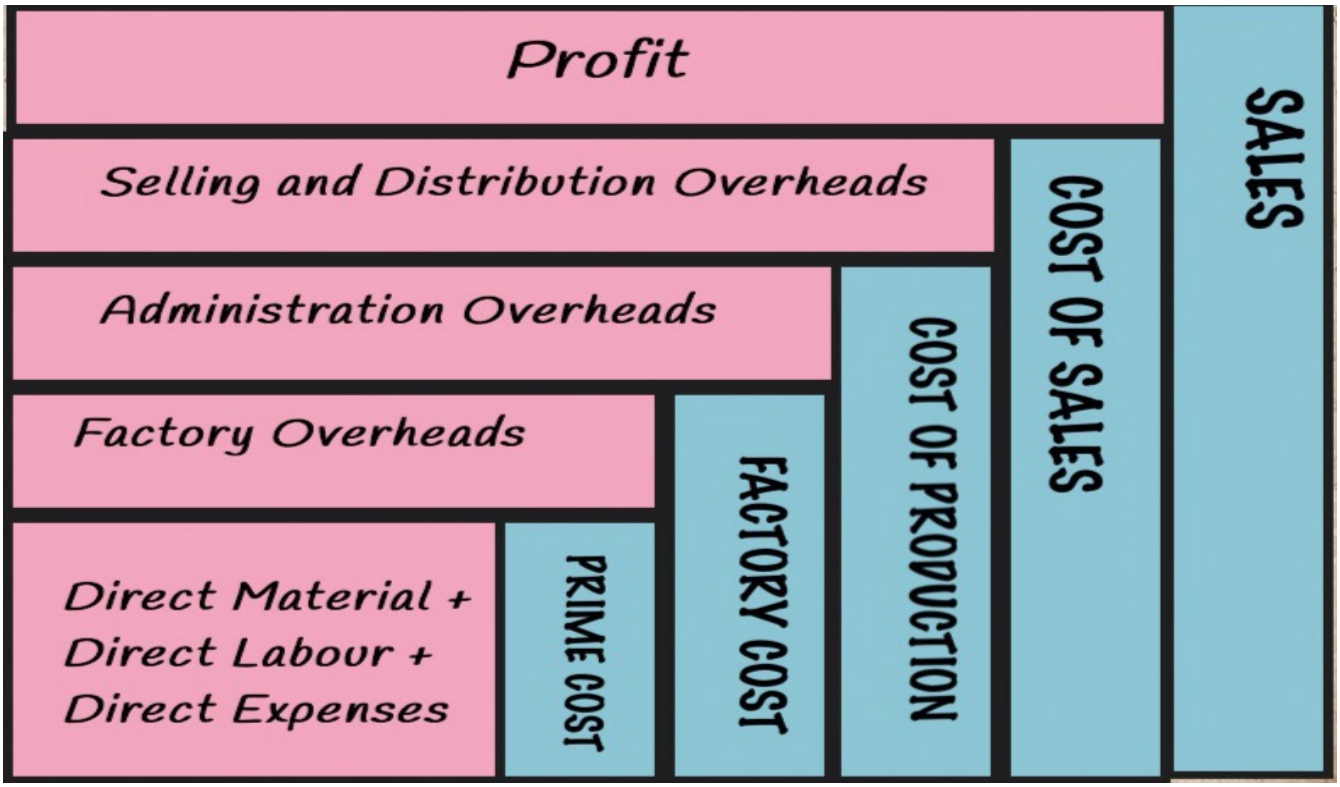
List of formulae to remember
Chapter 1: Cost Sheet and Basics

1. Cost + Profit = Sales
2. Profit % on Cost = (Profit / Total Cost)* 100
3. Profit % on Sales = (Profit / Total Sales) * 100
4. Total Cost = Total Fixed Cost + Total Variable Cost
5. Total Cost = Total Direct Cost + Total Indirect Costs
6. Total Variable Cost = Total Number of units * Variable Cost per unit
7. Average Fixed Cost = Total Fixed Cost / Total Number of Units
8. Prime Cost = Direct Materials + Direct Labour + Direct Expenses
9. Factory Cost = Prime Cost + Factory Overheads
10. Cost of Production = Factory Cost + Administration Overheads
11. Cost of Goods Sold = Cost of Production + Opening Stock of Finished Goods - Closing Stock of Finished Goods
12. Cost of Sales = Cost of Goods Sold + Selling and Distribution Overheads
13. Conversion Cost = Labour + Other Charges
14. Marginal Cost per unit = Difference in Total Costs / Difference in Quantity



Chapter 2 - Material

1. EOQ = $\sqrt{2AB / C}$

Where A = Annual Requirement of Raw Material
B = Buying Cost per Order
C = Carrying Cost per unit per annum
2. Buying Cost = (A / EOQ) * B
3. Carrying Cost = 1/2 * EOQ * C
4. Number of Orders = A / EOQ
5. Frequency of Orders = 365 days / Number of Orders
6. Total Associated Cost = Total Buying Cost + Total Carrying Cost
7. At EOQ, Total Buying Cost = Total Carrying Cost or 1/2 Associated Cost
8. Carrying Cost per unit per annum = Carrying Cost % * Unit price of Material
9. Total Cost Associated with Purchase = Total Buying Cost + Total Carrying Cost + Cost of Purchase
10. Cost of Purchase = A * Unit price of Material
11. At lot size other than EOQ, Total Buying Cost will not be equal to Carrying Cost
Total Buying Cost = (A / Lot Size) * B
Total Carrying Cost = 1/2 * Lot Size * C
12. Discount to be Negotiated with Supplier
= (Difference between costs associated with purchase / original cost) * 100

Total Ordering Costs
Cost of Receiving Material
Cost of Collecting Material
Purchase Department Expenses
Carriage Inwards
Loading / Unloading Charges
Inspection Cost
Transit Insurance
Material Handling Cost

Total Carrying Costs
Storage Costs
Interest lost in funds invested in inventory
Insurance Cost for Storage
Annual Spoilage, Deterioration etc
Material Handling Cost in Stores

1. Re-order Level = Maximum Consumption * Maximum Lead Time or
2. Re-order Level = Safety Stock + Lead Time Consumption
3. Minimum Level = Re-order Level - (Average Consumption * Average Lead Time)

4. Maximum Level = Re-order Level + Re-order Quantity - (Minimum Consumption * Minimum Lead Time)
5. Average Level = [(Minimum Level + Maximum Level) / 2] or
6. Average Level = Minimum Level + 1/2 EOQ
7. Danger Level = Average Consumption * Lead Time for Emergency Purchases
8. Normal Consumption = [(Minimum Consumption + Maximum Consumption) / 2]
9. Normal Lead Time = [(Minimum Lead Time + Maximum Lead Time) / 2]
10. Costs Associated with Purchase (in the presence of Safety Stock) = Total Buying Cost + Total Carrying Cost + Carrying Cost of Safety Stock = [(A/ EOQ) * B] + (1/2 * EOQ * C) + (Safety Stock * C)
11. Inventory Turnover Ratio = (Raw Material Consumed / Average Inventory)
12. Raw Material Consumed = Opening Stock of Material + Purchases - Closing Stock of Material
13. Average Inventory = (Opening Stock of Material + Closing Stock of Material) / 2
14. Inventory Holding Period = 365 days / Inventory Turnover Ratio
15. Cost per unit of Output = (Input - Output Ratio) * Rate per unit of Input

Calculation of Landed Cost of Materials	
Invoice Price / List Price	XXX
Less: Trade Discount	XXX
Net Invoice Price	XXX
Add: GST (if input credit is not availed)	XXX
Total Invoice Price	XXX
Add: Import Duty	XXX
Add: Loading and Unloading Material	XXX
Add: Transit Insurance	XXX
Add: Carriage / Freight Inwards	XXX
Add: Commission / Brokerage	XXX
Add: Octroi / Entry Tax	XXX
Add: Toll Charges	XXX
Add: Cost of Returnable Containers / Cost of Packing	XXX
Less: Rebate on Returnable Containers	XXX
Less: Demurrage / Detention Charges / Other Abnormal Costs (if included)	XXX
Landed Cost of Materials	XXX

Effective Quantity Received	
Quantity Purchased	XXX
Less: Breakage	XXX
Net Quantity Received	XXX
Less: Provision for Further Deterioration	XXX
Effective Quantity Received	XXX

Computation of Stock Rate = Landed Cost of Materials / Effective Quantity Received

STORES LEDGER FORMAT

Date	Particulars	Receipts			Issues			Balance		
		Qty	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt

1. Simple Average Rate = Sum of Material Rates / Number of Purchases
2. Weighted Average Rate = Total Cost of Purchases / Total Quantity of Purchases
3. Periodic Simple Average = Total Sum of Unit Prices in a given Period / Number of Prices Used in the given Period
4. Periodic Weighted Average = Total Cost of Purchases in a given Period / Total Quantity of Purchases in a given Period

ABC ANALYSIS

Ideal Level			
Category	% Value	% Quantity	Control
A	70%	10%	Maximum
B	20%	20%	Moderate
C	10%	70%	Minimum

Chapter 3 - Labour

1. Idle Time = Total Time - Productive Time
2. Overtime Premium Payment = Overtime Hours * Overtime Extra Payment
3. Overtime Normal Payment = Overtime Hours * Basic Wage Rate
4. Separation Method (S) = (Total Number of Separations / Average Labour Force) * 100
5. Replacement Method (R) = (Total Number of Replacements / Average Labour Force) * 100
6. Accession Method (A) = (Total Number of Accessions / Average Labour Force) * 100
7. Total Number of Accessions = Total Number of Replacements + Total Number of New Recruitment
8. Flux Method (F) = (Total Number of Separations + Total Number of Accessions / Average Labour Force) * 100
9. Average Labour Force = (Workers @ the Beginning + Workers @ the end) / 2
10. Workers @ the End = Workers @ the Beginning - Separations + Replacements + New Recruitments
11. Conversion of Labour Turnover for a given Period to Annual Labour Turnover = (Labour Turnover for the given Period / Days or months or quarters for the given period) * 365 days or 12 months or 4 Quarters

Monetary Impact of Labour Turnover	
1. Recruitment Cost	XXX
2. Settlement Cost	XXX
3. Training Cost	XXX
4. Selection Cost	XXX
5. Contribution foregone due to unproductive hours	XXX
6. Cost of rectification of defective output	XXX

INCENTIVE SYSTEMS

1. Time Rate = Number of Hours Worked * Rate per Hour
2. Piece Rate = Number of Pieces produced * Rate per Piece
3. Halsey Plan = Basic Wages + Bonus
Basic Wages = AT * R
Bonus = 50% * TS * R
4. Effective Earnings per hour under Halsey = Total Earnings / AT

5. Rowan Plan = Basic Wages + Bonus
Basic Wages = AT * R
Bonus = (AT / ST) * TS * R
6. Effective Earnings per hour under Halsey Plan = Total Earnings / AT
AT - Actual Time Worked
ST - Standard Time for Actual Output
R - Rate per Hour
TS - Time Saved
TS = Standard Time - Actual Time
7. Efficiency = (Standard Time / Actual Time) * 100 or
8. Efficiency = (Actual Output / Standard Output) * 100

Computation of Gross Wages	
1. Basic Wages	XX
2. DA	XX
3. Other Allowances	XX
4. Bonus	XX
5. Commission	XX
6. Leave Salary	XX
7. Perquisites/ Fringe benefits	XX
8. Overtime (if any)	XX
Total Gross Wages	XX

Computation of Net Wages	
Gross Wages	XX
Less:	
1. Employees Contribution to	XX
PF	XX
ESI	XX
Any other fund	XX
2. Any loan instalment due	XX
from employee	XX
3. TDS	XX

Computation of Labour Cost	
Gross Wages	XX
Add:	
Employers Contribution to:	XX
PF	XX
ESI	XX
Any other fund	XX
Labour Cost	XX

Hourly Wage Rate = Labour Cost as calculated / Effective Labour Hours

Cost of Abnormal Hours = Effective Hourly Wage Rates * Abnormal Hours

Effective Labour Hours	
Total Days Available	XX
Less: Leave Days	XX
Less: Holidays	XX
Actual Days Worked	XX
* Hours per day	XX
Actual Hours Available	XX
Less: Normal Idle Time	XX
Effective Labour Hours	XX

Group Bonus = Total Wages Payable to the Group - Individual Wages of Workers

Chapter 4 - Overheads

1. Overheads = Indirect Materials + Indirect Labour + Indirect Expenses
2. V.C. per unit = Difference in Total Costs (Semi - Variable Costs) / Difference in Total Units
3. Total Variable Cost = V.C per unit * Total No. of units
4. Total Fixed Costs = Total Costs - Total Variable Costs

Particulars	Basis	P1	P2	S1	S2
Primary Distribution:					
Allocated Overheads	Given				
Apportioned Overheads	Appropriate Ratio				
Overheads after Appointment					
Secondary Distribution:	Appropriate Ratio				
S1	Appropriate Ratio				
S2					
Overheads after Re-Appointment (A)					
Base (B)					
Overhead Rate per Hour (C) = (A) / (B)					

Departments

Methods of Absorption
1. % of Direct Material = (Total Overheads / Total Direct Material Cost) * 100
2. % of Direct Wages = (Total Overheads / Total Direct Wages) * 100
3. % of Prime Cost = (Total Overheads / Total Prime Cost) * 100
4. Direct Labour Hours = Total Overheads / Total Direct Labour Hours
5. Machine Hours = Total Overheads / Total Machine Hours

Costs associated with the Machine:	
Standing Charges:	
1. Rent and Rates	XXX
2. Insurance Premium of the Machine	XXX
3. Salary of Supervisor and Operators Wages	XXX
4. Lighting Charges	XXX
Machine Charges:	
1. Depreciation	XXX
2. Consumable Stores	XXX
3. Repairs and Maintenance	XXX
4. Power, Chemical Solution etc	XXX
Total Standing and Machine Charges	XXX

Effective Machine Hours
Total Hours Available
Less: Repairs and Maintenance
Less: Normal Idle Time
Less: Set up Time if Unproductive

Machine Hour Rate = Total Costs associated with the Machine / Effective Machine Hours

Treatment of Overheads
1. Budgeted OH Rate = Total Estimated Overheads / Total Budgeted Base
2. Absorbed OH = Budgeted OH Rate * Actual Base
3. Actual OH Rate = Total Actual Overheads / Total Actual Base
4. Under Absorbed Overheads = Actual Overheads - Absorbed Overheads
5. Over Absorbed Overheads = Absorbed Overheads - Actual Overheads
6. Supplementary Overhead Rate = Total Under or Over Absorbed Overheads / Total Completed Units

Journal Entry for Under Absorbed Overheads			
Cost of Sales A/c	Dr	xxx	
(Units sold * Supplementary Rate)			
Finished Goods Control A/c	Dr	xxx	
(Closing Stock Units * Supplementary Rate)			
WIP Control A/c	Dr	xxx	
(Equivalent Units * Supplementary Rate)			
Costing P&L Account	Dr	xxx	
To Factory Overheads Control A/c			xxx

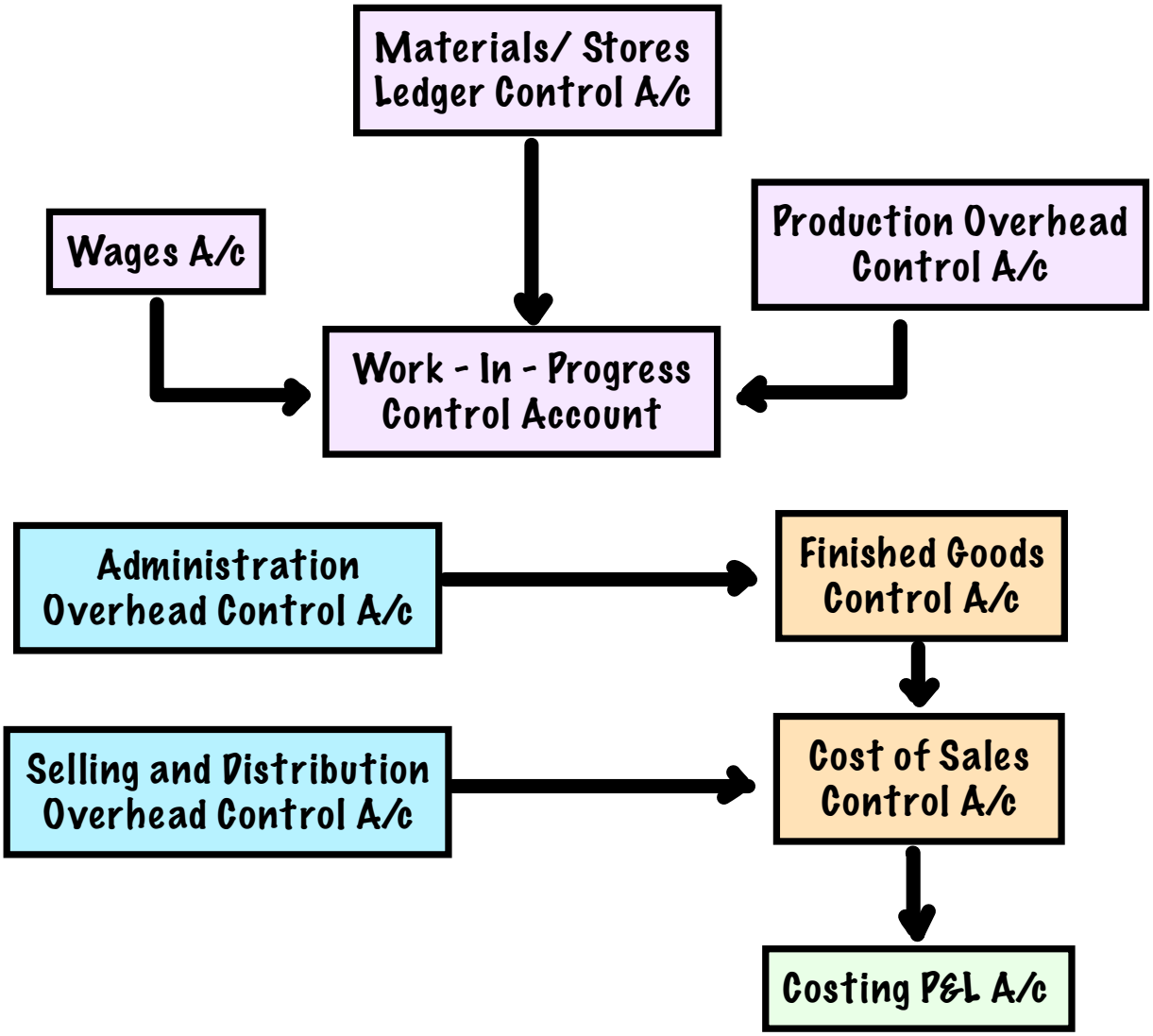
Journal Entry for Over Absorbed Overheads			
Factory Overheads Control A/c	Dr	xxx	
To Cost of Sales A/c			xxx
(Units sold * Supplementary Rate)			
To Finished Goods Control A/c			xxx
(Closing Stock Units * Supplementary Rate)			
To WIP Control A/c			xxx
(Equivalent Units * Supplementary Rate)			
To Costing P&L Account			xxx

Blanket Overhead Recovery Rate = Total Overheads for all Departments / Total Base

Departmental Overhead Recovery Rate = Total Overheads for the Department / Total Base for the Department

Chapter 5 - Integrated and Non - Integrated Accounts

Non - Integrated System of Accounting



Journal Entries

1. Materials Purchased on Credit / Cash			
Stores Ledger Control A/c	Dr	xxx	
To General Ledger Control A/c			xxx
2. Material Issues - Direct / Indirect			
(a) WIP Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
(b) Material Issues - Indirect			
FOH / AOH / S&D OH Control A/c	Dr	xxx	
To Stores Ledger Control Account			xxx

3. Materials Returned to Supplier			
General Ledger Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
4. Materials Returned from Production Floor			
Stores Ledger Control A/c	Dr	xxx	
To WIP Control A/c			xxx
5. Sale of Material			
General Ledger Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
6. Normal Loss of Materials			
Factory Overhead Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
7. Abnormal Loss of Materials			
Costing P&L A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
8. Wages Paid			
Wage Control A/c	Dr	xxx	
To General Ledger Control A/c			xxx
9. Wages Allocated			
WIP Control A/c (Direct Wages)	Dr	xxx	
Factory OH Control A/c (Indirect Wages / Normal Idle Time)	Dr	xxx	
Administration OH A/c (Office Wages)	Dr	xxx	
Selling and Distribution OH (Salesmen Wages)	Dr	xxx	
To Wage Control A/c			xxx
10. Direct Expenses Paid			
Direct Expense A/c	Dr	xxx	
To General Ledger Control A/c			xxx
11. Direct Expense Applied			
WIP Control A/c	Dr	xxx	
To Direct Expense A/c			xxx

12. Overheads Incurred			
Overheads Control A/c	Dr	xxx	
To General Ledger Control A/c			xxx
13. Overheads Applied			
WIP Control A/c	Dr	xxx	
(For Works Overheads)			
Finished Goods Control A/c	Dr	xxx	
(For Administration Overheads)			
Cost of Sales A/c	Dr	xxx	
(For Selling and Distribution Overheads)			
To Overheads Control A/c			xxx
14. Finished Goods Produced			
Finished Goods Control A/c	Dr	xxx	
To WIP Control A/c			xxx
15. Cost of Sales			
Cost of Sales Control A/c	Dr	xxx	
To Finished Goods Control A/c			xxx
16. Sales on Credit or Cash			
General Ledger Control A/c	Dr	xxx	
To Sales A/c			xxx
17. Transfer of Sales to Costing P&L A/c			
Sales A/c	Dr	xxx	
To Costing P&L A/c			xxx
18. Transfer of Cost of Sales to Costing P&L A/c			
Costing P&L A/c	Dr	xxx	
To Cost of Sales Control A/c			xxx
19. Sales Returns			
(a) Finished Goods Control A/c	Dr	xxx	
To Cost of Sales Control A/c			xxx
(b) General Ledger Control A/c	Dr	xxx	
To Sales A/c			xxx

20. Transfer of Profit to General Ledger Control A/c			
Costing P&L A/c	Dr	xxx	
To General Ledger Control A/c			xxx
21. Transfer of Loss to General Ledger Control A/c			
General Ledger Control A/c	Dr	xxx	
To Costing P&L A/c			xxx
22. Underabsorbed Overheads Written off			
Costing P&L A/c	Dr	xxx	
To Overhead Control A/c			xxx
23. Overabsorbed Overheads Written off			
Overheads A/c	Dr	xxx	
To Costing P&L A/c			xxx

Integrated System of Accounting

1. Materials Purchased on Credit/ Cash :			
Stores Ledger Control A/c	Dr	xxx	
To Sundry Creditors A/c / Cash A/c			xxx
2. Materials Issued			
(a) Direct Material			
WIP Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
(b) Indirect Material			
Overhead Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
3. Materials Returned to Supplier			
Creditors A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
4. Materials Returned from Shop Floor			
Stores Ledger Control A/c	Dr	xxx	
To WIP Control A/c			xxx

5. Sale of Material			
Cash A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
6. Normal Loss of Materials			
Factory Overheads Control A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
7. Abnormal Loss of Materials			
Costing P&L A/c	Dr	xxx	
To Stores Ledger Control A/c			xxx
8. Wages Paid			
Wage Control A/c	Dr	xxx	
To Cash A/c			xxx
9. Wages Allocated			
WIP Control A/c (Direct Wages)	Dr	xxx	
Factory OH Control A/c (Indirect Wages / Normal Idle Time)	Dr	xxx	
Administration OH A/c (Office Wages)	Dr	xxx	
Selling and Distribution OH (Salesmen Wages)	Dr	xxx	
To Wage Control A/c			xxx
10. Direct Expenses Paid			
Direct Expense A/c	Dr	xxx	
To Cash A/c			xxx
11. Direct Expense Applied			
WIP Control A/c	Dr	xxx	
To Direct Expense A/c			xxx
12. Overheads Incurred			
Overheads Control A/c	Dr	xxx	
To Cash A/c			xxx
13. Underabsorbed Overheads Written Off			
Costing P&L A/c	Dr	xxx	
To Overhead Control A/c			xxx

14. Overheads Applied			
WIP Control A/c	Dr	xxx	
(For Works Overheads)			
Finished Goods Control A/c	Dr	xxx	
(For Administration Overheads)			
Cost of Sales A/c	Dr	xxx	
(For Selling and Distribution Overheads)			
To Overheads Control A/c			xxx
15. Overabsorbed Overheads Written Off			
Overhead Control A/c	Dr	xxx	
To Costing P&L A/c			xxx
16. Finished Goods Produced			
Finished Goods Control A/c	Dr	xxx	
To WIP Control A/c			xxx
17. Cost of Sales			
Cost of Sales Control A/c	Dr	xxx	
To Finished Goods Control A/c			xxx
18. Sales on Credit or Cash			
Debtors / Cash A/c	Dr	xxx	
To Sales A/c			xxx
19. Transfer of Sales to Costing P&L A/c			
Sales A/c	Dr	xxx	
To Costing P&L A/c			xxx
20. Transfer of Cost of Sales to Costing P&L A/c			
Costing P&L A/c	Dr	xxx	
To Cost of Sales Control A/c			xxx
21. Sales Returns	Dr	xxx	
(a) Finished Goods Control A/c			xxx
To Cost of Sales Control A/c			
(b) General Ledger Control A/c	Dr	xxx	
To Sales A/c			xxx

22. Payment received from Debtors			
Bank A/c	Dr	xxx	
To Sundry Debtors			xxx
23. Payment made to Creditors			
Sundry Creditors A/c	Dr	xxx	
To Bank A/c			xxx

Reconciliation Statement Format

Profit as per Cost Books	xxx
Add: Overabsorption of Overheads in Cost Accounts	xxx
Add: Over Valuation of Opening Stock in Cost Accounts	xxx
Add: Under Valuation of Closing Stock in Cost Accounts	xxx
Add: Depreciation overcharged in Cost Accounts	xxx
Add: Incomes credited only in Financial Accounts	xxx
Add: Notional Expenses considered only in Cost Accounts	xxx
Less: Appropriations in Financial Accounts	xxx
Less: Underabsorption of Overheads in Cost Accounts	xxx
Less: Under Valuation of Opening Stock in Cost Accounts	xxx
Less: Over Valuation of Closing Stock in Cost Accounts	xxx
Less: Depreciation undercharged in Cost Accounts	xxx
Less: Expenses and Losses charged on in Financial Accounts	xxx
Less: Notional Income taken only in Cost Accounts	xxx
Profit as per Financial Accounts	xxx

Chapter 6 - Job and Batch Costing

JOB COSTING - Same formulae as in Cost Sheet

BATCH COSTING

1. Economic Batch Quantity (EBQ) $= \sqrt{2AS / C}$

Where,

A = Annual Demand for the product
S = Set up Costs per set up
C = Carrying Cost per unit per annum

2. Number of Set ups p.a. = A / EBQ
3. Annual Set up Cost = No of Set ups * Cost per Set up
4. Annual Carrying Cost = 1/2 * EBQ * C
5. Cost per unit = Total Cost of a Batch / Number of Units produced in the Batch

Chapter 7 - Contract Costing

Proforma for Contract Account

To Work in Progress (Opening Balance)	xx	By Work in Progress (Closing Balance) (Work certified + Work Uncertified)	xx
To Materials on site	xx		
To Materials issued	xx		
To Materials Purchased	xx	By Materials on Site	xx
To Direct Wages	xx	By Materials Returned	xx
To Direct Expenses	xx	By WDV of Plant on site	xx
To Plant issued (@ Value)	xx	By Loss (transfer to P&L A/c	xx
To Works Overheads	xx		
To Administration Overheads	xx		
To Other Costs	xx		
To Notional Profits	xx		

1. Balance in Work in Progress = Value of Work Certified + Value of Work Uncertified
2. Notional Profit = (Work Certified + Work Uncertified) - Cost Incurred on Contract
3. Estimated Total Profits = Contract Price- Total Estimated Costs
4. Total Estimated Costs = Cost of Work done till date + Estimated further costs

5. Cost of Work done till date = Cost of Materials used on the Contract + Direct Wages + Direct Expenses + Works Overheads + Depreciation on Plant + Administration Overheads + Other Expenses
6. Value of Work Certified = Contract Price * % of Work Certified
7. Retention Money = Value of Work Certified - Payment made to Contractor by Contractee
8. % of Completion = (Work Certified / Contract Price) * 100
9. Cost of Work Uncertified = Cost of Total Work Done - Cost of Work Certified
10. Cash Received by the Contractor = Value of Work Certified * % of Cash payable by Contractee as per terms of the Contract

Balance Sheet Abstract

Work in Progress:	
Value of Work Certified	xxx
Add: Value of Work Uncertified	xxx
Add: Value of Materials on Site	xxx
Add: Value of Plant on Site	xxx
Less: Amount Received from the Contractee	xxx
Value of Work in Progress on the Contract	xxx

Chapter 8 - Process Costing

Format of Process Account

Particulars	Qty	Amt	Particulars	Qty	Amt
To Materials	xx	xx	By Process Stock A/c	xx	xx
To Direct Wages		xx			
To Direct Expenses		xx	By Normal Loss	xx	xx
To Factory Overheads		xx	By Abnormal Loss	xx	xx
To Abnormal Gain A/c	xx	xx			

Format of Process Stock Account - In the presence of Stocks

Particulars	Qty	Amt	Particulars	Qty	Amt
To Opening Stock	xx	xx	By Next Process A/c (Transfer)	xx	xx
To Process Account (Transfer)	xx	xx			
			By Closing Stock	xx	xx

Equivalent Cost per unit = (Total Cost - Cost associated with Normal Loss) / (Total Number of Units - Normal Loss Units)

Abnormal Loss A/c

Particulars	Qty	Amt	Particulars	Qty	Amt
To Process Account	xx	xx	By Bank A/c	xx	xx
			By Costing P&L A/c		xx

Abnormal Gain A/c

Particulars	Qty	Amt	Particulars	Qty	Amt
To Normal Loss A/c	xx	xx	By Process A/c	xx	xx
To Costing P&L A/c		xx			

Normal Loss A/c

Particulars	Qty	Amt	Particulars	Qty	Amt
To Process Account	xx	xx	By Bank A/c	xx	xx
			By Abnormal Gain A/c (if any)	xx	xx

Inter Process Accounts

Particulars	Total	Cost	Profit	Particulars	Qty	Cost	Profit
To Raw Materials	xx	xx	xx	By Next Process Account	xx	xx	xx
To Previous Process Account	xx	xx	xx				
To Direct Wages	xx	xx	xx				
To Direct Expenses	xx	xx	xx				
To Works Overheads	xx	xx	xx				
Total Value of Output	xx	xx	xx				
Less: Closing Stock	(xx)	(xx)	(xx)				
Cost of Sales	xx	xx	xx				
Profit	xx	xx	xx				
Total	xx	xx	xx	Total	xx	xx	xx

Equivalent Production

FIFO METHOD - Statement of Equivalent Production

Particulars	Qty	Particulars	Qty	Material		Conversion Cost	
				%	Units	%	Units
Opening WIP	xx	From					
Input Qty	xx	Opening WIP	xx		xx		xx
		Input Qty	xx		xx		xx
		Transfer to next Process	xx		xx		xx
		Normal Loss	xx		-		-
		Abnormal Loss Or Abnormal Gain	xx or (xx)		xx or (xx)		xx or (xx)
		Closing WIP	xx		xx		xx
Total	xx	Total	xx		xx		xx

Statement of Equivalent Cost Per Unit

Particulars	Total Cost	Equivalent Units	Equivalent Cost per unit
Material	xx		
(-) Scrap	(xx)		
Net Cost	xx	xx	xx
Wages	xx	xx	xx
Overheads	xx	xx	xx

% of Completion for Opening WIP = 100% - % completed in the previous period
Normal Loss Value will be Zero irrespective of the % of Completion
If % Completion is not given for Abnormal Loss - to be assumed to be 100% complete

Statement of Valuation

Particulars	Finished Goods	Abnormal Loss/Gain	Closing WIP
Material	U * C	U * C	U * C
Conversion Cost	U * C	U * C	U * C
	Total	Total	Total

U = Equivalent Units ; C = Equivalent Cost per Unit

WEIGHTED AVERAGE METHOD - Statement of Equivalent Production

Particulars	Qty	Particulars	Qty	Material		Conversion Cost	
				%	Units	%	Units
Opening WIP	xx	Transfer to	xx		xx		xx
Input Qty	xx	next Process					
		Normal Loss	xx		-		-
		Abnormal Loss	xx		xx		xx
		Or Abnormal	or		or		or
		Gain	(xx)		(xx)		(xx)
		Closing WIP	xx		xx		xx
Total	xx	Total	xx		xx		xx

Statement of Equivalent Cost Per Unit

Particulars	Cost of Opening WIP	Current Period Cost	Total Cost	Equivalent Units	Equivalent Cost per unit
Material	xx	xx			
(-) Scrap	(xx)				
Net Cost	xx	xx	xx	xx	xx
Wages	xx	xx	xx	xx	xx
Overheads	xx	xx	xx	xx	xx

All units transferred to next Process will be 100% complete whether from Opening WIP or Input Quantity.
Normal Loss Value will be Zero irrespective of the % of Completion
If % Completion is not given for Abnormal Loss - to be assumed to be 100% complete

Statement of Valuation

Particulars	Finished Goods	Abnormal Loss/Gain	Closing WIP
Material	U * C	U * C	U * C
Conversion Cost	U * C	U * C	U * C
	Total	Total	Total

Chapter 9: Joint Products and By- Products
Physical Quantities Method
Joint Costs to be apportioned in the ratio of physical quantities
Average Cost Method
Average Cost per unit = Total Joint Costs / Total Units
Technical Points Method
Total Joint Costs to be apportioned in the ratio of Units * points assigned for each product
Contribution Margin Method
Total Joint Costs to be divided into Total Fixed Cost and Total Variable Cost. Total Variable Joint Cost to be divided in the ratio of Quantity and Total Fixed Joint Cost to be divided in the ratio of Contribution.
Market Value at Split off Point Method
Total Joint Costs to be apportioned in the ratio of market value at split off point. Market Value @ Split off = S.P per unit @ split off * number of units
Market Value after further processing Method
Total Joint Costs to be apportioned in the ratio of market value after further processing Market Value after further Processing = S.P per unit after further processing * number of units
Net Realisable Method (NRV)
NRV = Sales Value after Further Processing - Profit - Further Processing Costs - Estimated Selling and Distribution Costs
Reverse Cost Method

Joint Costs to be apportioned in the ratio of :
Estimated Sales Value of Output
Less: Profits
Estimated Cost of Sales
Less: Estimated Selling and Distribution Overheads
Estimated Cost of Production
Less: Estimated Office and Administration Overheads
Estimated Works Cost
Less: Estimated Further Processing Cost
Ratio of Joint Cost Appointment

Constant Gross Margin Method

Gross Margin = Sales Value after Further Processing- Further Processing Costs - Joint Costs
Gross Margin % = (Gross Margin / Total Sales Value after Further Processing) * 100
Joint Costs to be apportioned in the ratio of:
Sales Value after Further Processing
Less: Gross Margin % on Sales
Less: Further Processing Costs
Ratio of Joint Cost

Chapter 10: Operating Costing

Absolute Tonne Kms = Sum of (Actual tonnes carried * Actual Kilometres travelled

Commercial Tonne Kms = Average tonnes carried * Total Kilometres travelled

Operating Cost Sheet

Total Fixed Charges (A)	xxx
Total Variable Charges (B)	xxx
Total Operating Cost (C) = (A) + (B)	xxx
Effective Composite Units (D)	xxx
Operating Cost per Composite Unit = (C) / (D)	xxx

Chapter 11: Standard Costing

Material Variances

Material Cost Variance
MCV = M4 - M1

- **Material Price Variance**
  MPV = M2 - M1
- **Material Usage Variance**
  MUV = M4 - M2
  - **Material Mix Variance**
    MMV = M3 - M2
  - **Material Yield Variance**
    MYV = M4 - M3

M1 = AQ * AP
M2 = AQ * SP
M3 = AQ in Standard Ratio * SP
M4 = SQ * Standard Material Cost per unit of Output

AQ - Actual Quantity; AP - Actual Price; SQ - Standard Quantity; SP - Standard Price

Treatment of Raw Material Stock

Computation of Material Price Variance on the basis of Purchase

Material Purchase Variance (MPV) = M2 - M1

M2 = Actual Quantity Purchased * Actual Rate

M1 = Actual Quantity Purchased * Standard Rate

Other variances to be computed based on Consumption

M1 = on Consumption

Consumption = Opening Stock + Purchases - Closing Stock

M2 = on Consumption
M2 = Actual Quantity Consumed * Standard Rate

M3 and M4 calculated as above

Labour Variances

Labour Cost Variance
LCV = L5 - L1

- **Labour Rate Variance**
  LRV = L2 - L1
- **Labour Efficiency Variance**
  LEV = L5 - L2
  - **Labour Idle Time Variance**
    LIV = L3 - L2
  - **Labour Mix Variance**
    LMV = L4 - L3
  - **Labour Yield Variance**
    LYV = L5 - L4

L1 = AHP * AR
L2 = AHP * SR
L3 = AHW * SR
L4 = AHW (in Standard Ratio) * SR
L5 = SH * SR

AHP - Actual Hours Paid
AHW - Actual Hours Worked
SH - Standard Hours
AR - Actual Rate
SR - Standard Rate

AHW = AHP - Idle Time Hours

Variable Overhead Variances

Variable Overhead Cost Variance
VOCV = VO3 - VO1

- **Variable Overhead Expenditure Variance**
  VOExV = VO2 - VO1
- **Variable Overhead Efficiency Variance**
  VOEV = VO3 - VO2

VO1 = Actual Variable OH Incurred
(a) Directly Given
(b) Actual Hours Worked * Actual Variable OH per hour
(c) Actual Output * Actual Variable OH per unit

VO2 = AHW * Standard Variable OH per hour
Standard Variable OH per hour = Budgeted Variable OH / Budgeted Hours

VO3 = Actual Output * Standard Variable OH per unit
Standard Variable OH per unit = Budgeted Variable OH / Budgeted Output

AHW = Actual Hours Worked

Fixed Overhead Variances

Fixed OH Cost Variance
FOHCV = FO5 - FO1

Fixed OH Expenditure Variance
FOHEV = FO2 - FO1

Fixed OH Volume Variance
FOHVV = FO5 - FO2

Fixed OH Calendar Variance
FOHCalV = FO3 - FO2

Fixed OH Capacity Variance
FOHCapV = FO4 - FO3

Fixed OH Efficiency Variance
FOHEffV = FO5 - FO4

FO1 = Actual Fixed OH
(a) Directly Given
(b) Actual Hours * Actual Fixed OH Rate per Hour
(c) Actual Output * Actual Fixed OH Rate per Unit of Output

FO2 = Budgeted Fixed OH
(a) Directly Given
(b) Budgeted Hours * Standard Fixed OH Rate per Hour
(c) Budgeted Output * Standard Fixed OH Rate per unit of Output

FO3 = Actual Days * Standard Fixed OH Rate per day

Standard Fixed OH Rate per day = Budgeted FOH / Budgeted Days

FO4 = Actual Output * Standard Fixed OH Rate per Hour

Standard Fixed OH Rate per Hour = Budgeted FOH / Budgeted Hours

FO5 = Actual Output * Standard Fixed OH Rate per unit of Output

Standard Fixed OH Rate per unit of Output = Budgeted FOH / Budgeted Output

Chapter 12: Marginal Costing

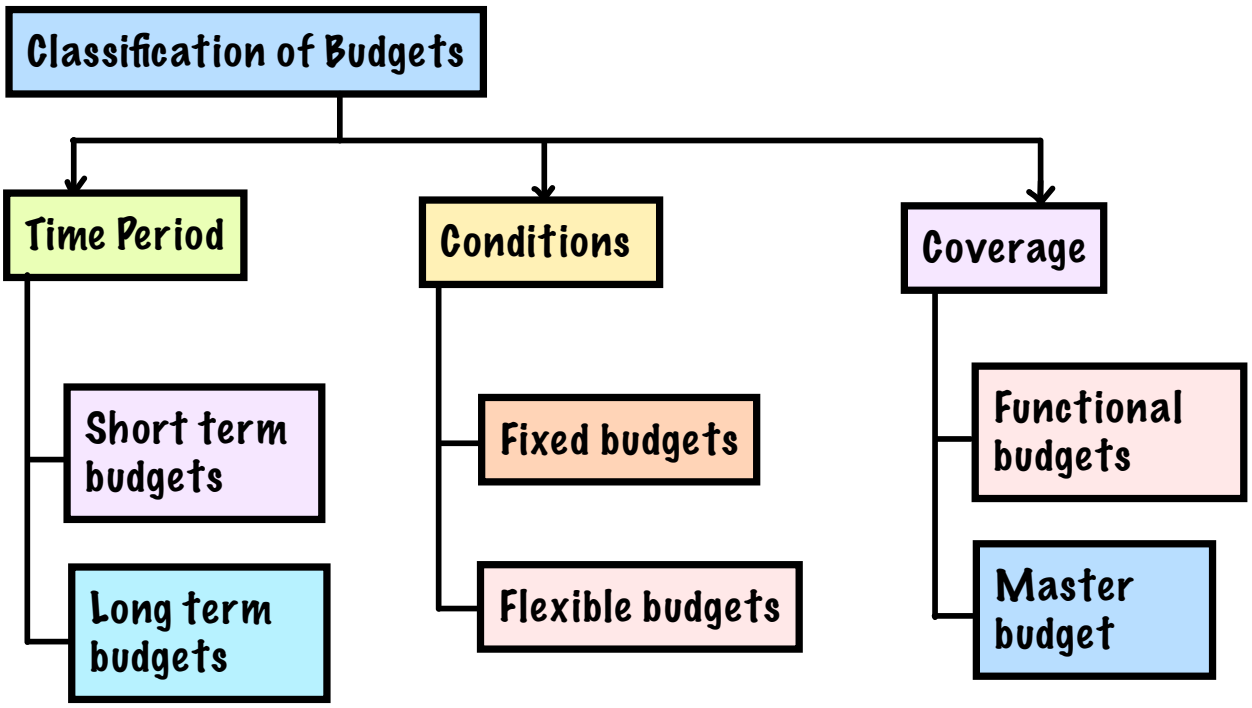
1. Sales - Variable Cost = Contribution = Fixed Cost + Profit
2. Total Sales = S.P. per unit * Sales Quantity
3. Total Variable Cost = V.C. per unit * Sales Quantity
4. Sales Quantity = Total Contribution / Contribution per unit
5. Total Cost = Fixed Cost + Variable Cost
6. PV Ratio = (Contribution/ Sales) * 100
7. BEP in Qty = Total Fixed Costs / Contribution per unit
8. BEP in Value = Total Fixed Costs/ PV Ratio
9. BEP in Value = BEP in Quantity * S.P. Per unit
10. Margin of Safety = Total Sales - BEP Sales
11. MOS in Value = Profit / PV Ratio
12. MOS in Qty = Profit / Contribution per unit
13. MOS in Value = MOS in Qty * S.P per unit
14. VC Ratio = 100% - PV Ratio
15. Sales value @ Indifference Point = Difference between Fixed Costs/ Difference between PV Ratios
16. Sales Qty @ Indifference Point = Difference between Fixed Costs / Difference between Contribution per unit
17. Sales Value = (Fixed Cost + Profit) / PV Ratio
18. Sales Quantity = (Fixed Cost + Profit) / Contribution per unit
19. PV Ratio = Difference in Profits / Difference in Sales

Chapter 13: Budgetary Control

Raw Material Consumption = Opening Stock of Raw Material + Raw Material Purchases - Closing Stock of Raw Material

Finished Product Production = Sales + Closing Stock of Finished Goods - Opening Stock of Finished Goods

Budget Ratios
1. Activity Ratio = (Standard Time / Budgeted Time) * 100
2. Efficiency Ratio = (Standard Time / Actual Time) * 100
3. Capacity Ratio = (Actual Time / Budgeted Time) * 100
4. Activity Ratio = Efficiency Ratio * Capacity Ratio



Functional budgets

Sales budget | Production budget | Purchase budget | Labour budget

Overheads budget | Cash budget | Capital Expenditure budget

Chapter 14: Budgetary Control

Activity Cost Driver Rate = (Total Cost related to the Activity) / Cost Driver

OH Charged to Product = Activity Consumed by the Product * Cost Driver Rate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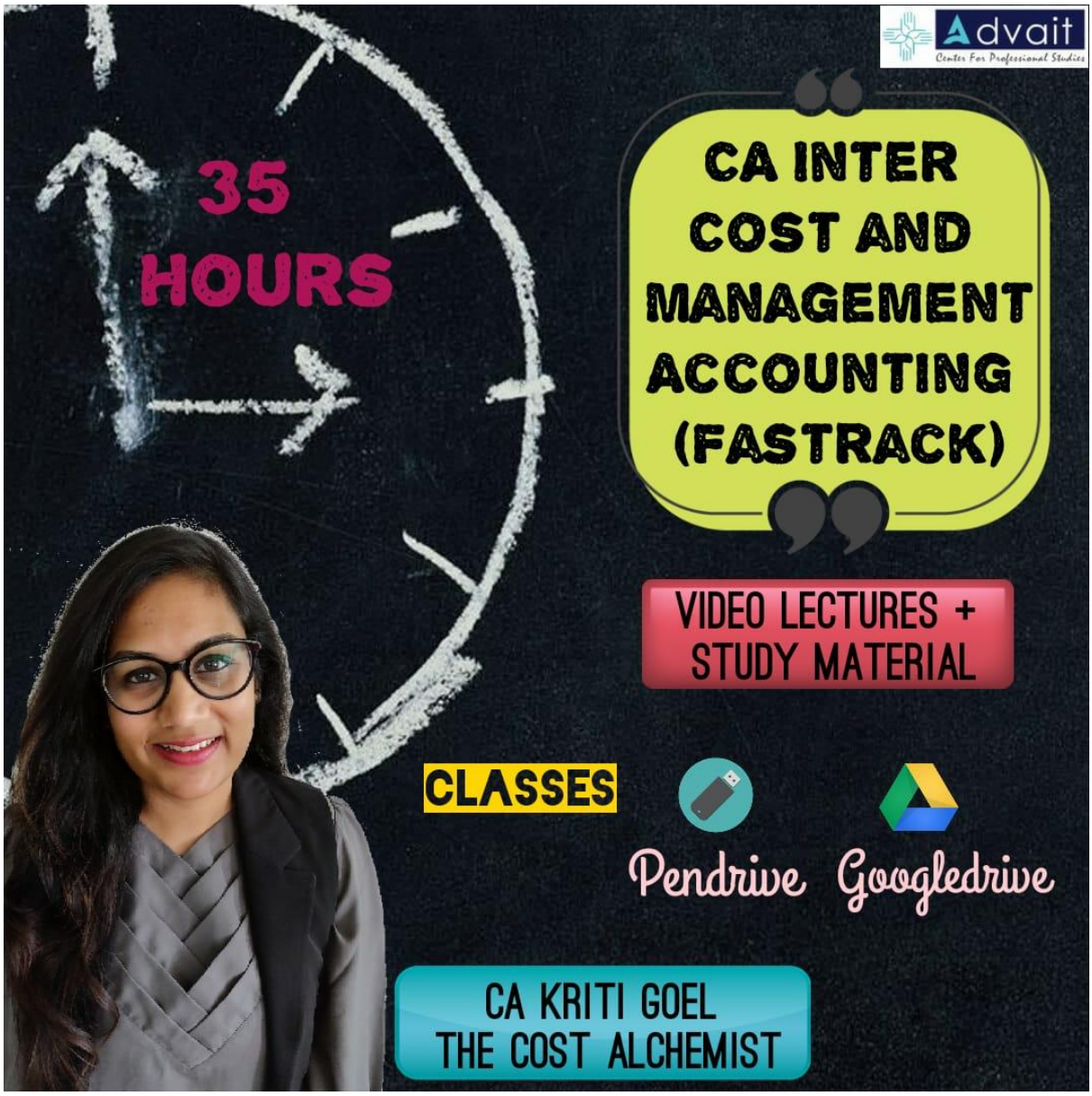

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