

Class - B.COM. Part III

Topic - Cost Sheet

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Definition: A cost sheet is a statement which represents the various costs incurred at different stages of business operation, in a tabular format. It determines the total cost or expenditure made by the organisation along with the cost incurred on each unit of a product or services in a particular period.

Cost sheet include the following components :

- ① Prime Cost
- ② work cost
- ③ Cost of production
- ④ Total Cost .

① The Prime Cost includes the expenses incurred very primarily on production of a product. It is base Expenses that include Raw Material, Labour wages and other direct expenses.

② The work cost is the expenses that incurred in factory to change the shape of raw material in desired design. The other related expenses in factory also included. It includes Factory ~~office~~ and administrative work expenses, Factory Rent, Factory fuel, water supply, Dep. on Plant machinery, etc.

③ Cost of production include the expenses incurred in office management and administration. It comprises, office administration overhead, office lighting, stationery, salary, legal charges, Audit fees, insurance etc.

④ Cost of production include that expenses incurred in selling and distribution of a product. It includes sales man salary, advertisement, T.A, warehouses expenses, Carriage outward, selling and distribution expenses etc.