

13. JOB COSTING

PROBLEM NO: 1

a) Calculation of OHs rates from the available data

Particulars	Amount Rs.	Amount Rs.
Direct Material		199000
Direct wages: Machine shop	63000	
: Assembly shop	48000	111000
Prime cost		310000
Add: Works OHS: Machine Shop	88200	
: Assembly Shop	51800	140000
Works cost/ factory cost		450000
Add: Administration OHS		90000
Cost of production		540000
Add: Selling OHS	81000	
Distribution OHS	62100	143100
Cost of sales / total cost		683100

$$\text{i) \% of admin OHs on WC} = \frac{\text{Rs.90,000}}{\text{Rs.4,50,000}} \times 100 = 20\%$$

$$\text{ii) \% of selling OHs on WC} = \frac{\text{Rs.81,000}}{\text{Rs.4,50,000}} \times 100 = 18\%$$

$$\text{iii) \% of distribution OHs on WC} = \frac{\text{Rs.62,100}}{\text{Rs.4,50,000}} \times 100 = 13.8\%$$

b) Statement of estimated Job Cost

Particulars	Amount Rs.	Amount Rs.
Direct materials: 25 kgs x 16.80	420	
15 kgs x 20	300	720
Direct Labor		
Machine Shop : $\frac{63,000}{12,000\text{hr}} \times 30\text{hr}$	157.50	
Assembly Shop: $\frac{48,000}{10,000\text{hr}} \times 42\text{hr}$	201.60	359.10
Prime cost		1079.10
Add: works OHS		
Machine shop : $\frac{88,200}{12,000\text{hr}} \times 30\text{hr}$	220.50	
Assembly shop : $\frac{51,800}{10,000\text{hr}} \times 42\text{hr}$	217.56	438.06
Works cost / factory cost		1517.16
Add: Admin OHS @ 20% of WC		303.43
Cost of production		1820.59
Add: Selling & Distribution OHS @ 31.8% on WC		482.46
Cost of Sales or total Cost		2303.05

∴ Job Cost = Rs. 2303.05

THE END