

UNIT/SINGLE OUTPUT COSTING

DIRECT MATERIAL

+

DIRECT LABOUR

+

DIRECT EXPENSES

=

PRIME COST

Prime cost + Factory Overheads*
=

FACTORY COST

* Factory Overheads

includes factory rent, oil & water, electric power,
depreciation, etc.

Factory Cost + Administrative overheads*

=

COST OF PRODUCTION

*Administrative overheads

includes office rent, depreciation for office,
manager salary, stationery, etc.

Cost of Production + Selling Overheads*

=

COST OF SALES

*Selling Overheads

includes salesman salary, advertising, free samples, delivery charges, etc.

$$\begin{aligned} \text{Cost of Sales} + \text{Profit Margin} \\ = \\ \text{SALES} \end{aligned}$$

Sales = Direct Materials + Direct Labour + Direct
Expense + Factory overheads +
Administrative overheads+ selling
overheads + profit margin

COST SHEET	
Particulars	Rupees
Direct Materials
+Direct Labour
+Direct Expenses
= Prime Cost
+ Factory overheads
=Factory Cost
+Administrative overheads
=Cost of Production
+Selling overheads
=Cost of Sales
+Profit margin
=Sales

IMPORTANT NOTE

- ▣ TRANSFER TO RESERVES
- ▣ INCOME TAX
- ▣ DIVIDEND
- ▣ DISCOUNT ON SHARES WRITTEN OFF

THANK YOU