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1 hour 30 minutes

No Additional Materials are required.

DO **NOT** WRITE IN ANY BARCODES.

You may use a calculator.

The number of marks is given in brackets [] at the end of each question or part question.

APA CAMBRIDGE

- 1 The following information relates to the business of Nother Limited.

Trial Balance at 31 March 2014

	Dr	Cr
	\$000	\$000
Share capital		1500
Factory premises at cost	1000	
Factory machinery at cost	280	
Provisions for depreciation:		
Premises		250
Machinery		140
Inventories at 1 April 2013:		
Raw materials	360	
Work in progress	210	
Finished goods	432	
Revenue		5054
Purchases of raw materials	1896	
Manufacturing wages	1250	
Factory expenses	780	
Administrative expenses	80	
Sales expenses	416	
Retained earnings		196
Trade receivables and payables	840	240
Provision for doubtful debts		36
Bank overdraft		144
Bad debts written off	<u>16</u>	
	<u>7560</u>	<u>7560</u>

Additional information

- 1 Inventories at 31 March 2014
- | | |
|------------------|---------|
| | \$ |
| Raw materials | 300 000 |
| Work in progress | 220 000 |
| Finished goods | 480 000 |
- 2 Other payables at 31 March 2014
- | | |
|---------------------|---------|
| | \$ |
| Factory expenses | 112 000 |
| Sales expenses | 56 000 |
| Manufacturing wages | 40 000 |
- 3 Prepayments at 31 March 2014
- | | |
|-------------------------|-------|
| | \$ |
| Administrative expenses | 8 000 |

- The machine had been purchased for \$44 000 and depreciation of \$24 000 had been written off up to 31 March 2013. A full year's depreciation is provided in the year of purchase and none in the year of sale.

- ## REQUIRED

- [10

109

[10]

(c) Explain the following terms.

Direct costs

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..... [2]

Indirect costs

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..... [4]

Prime cost

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Production cost

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..... [2]

[Total: 30]

- They provided the following information.

REQUIRED

- [5]

The net profit for the 6 months ended 30 June 2014 was \$12 000.

(b) Prepare the capital accounts of Bill and Charles for the six months ended 30 June 2014.

[7]

[7]

This image shows a blank sheet of white paper with horizontal dashed lines, similar to notebook paper. The lines are evenly spaced and run across the width of the page. In the top right corner, there is a small, dark, triangular object partially visible, which appears to have the letters "ldg" printed on it. The rest of the page is empty.

1 _____

2 _____

[2]

1

2

[2]

[Turn over

- 3 Aluko Limited manufactures three products for the automobile industry, BS100, BS200 and BS300.

The business is divided into four departments – machining, assembly, stores and canteen.

The following information is available for one unit of the three products.

	BS100	BS200	BS300
Direct materials	\$12.60	\$14.10	\$18.80
Direct labour hours – machining (\$7.80 per hour)	30 minutes	50 minutes	55 minutes
Direct labour hours – assembly (\$6.30 per hour)	10 minutes	12 minutes	15 minutes
Machine hours – machining	20 minutes	30 minutes	30 minutes
Machine hours – assembly	5 minutes	5 minutes	10 minutes

The total estimated overhead costs for the year ended 30 June 2015 are as follows:

	\$
Indirect wages	232 000
Machinery maintenance	94 000
Machinery insurance	9 020
Rent and rates	49 600
Buildings insurance	12 800
Machinery depreciation	26 600

The following information is also available.

	Machining	Assembly	Stores	Canteen
Number of indirect employees	8	16	4	2
Floor area (sq metres)	8 000	9 000	2 000	1 000
Value of machinery (\$000)	290	120		
Number of orders from stores	6 300	1 300		
Budgeted labour hours	7 720	28 600		
Budgeted machine hours	46 400	3 200		
Use of canteen	30%	55%	15%	

REQUIRED

- (a) Apportion the costs to the four departments and re-apportion the service departments to production departments using a suitable basis.

	Total \$	Machining \$	Assembly \$	Stores \$	Canteen \$
Indirect wages					
Machinery maintenance					
Machinery insurance					
Rent and rates					
Buildings insurance					
Machinery depreciation					
Reapportionment of canteen					
Reapportionment of stores					

[8]

- (b) Calculate appropriate absorption rates for **each** production department correct to **two** decimal places.

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[4]

Additional information

The actual results for the year were as follows:

	Machining	Assembly
Factory overheads	\$239 110	\$192 860
Direct labour hours	8 420	28 150
Direct machine hours	49 120	3 050

REQUIRED

(c) Calculate the under or over absorption of overheads for each production department.

	Machining \$	Assembly \$

[4]

(d) Explain the reason for the over or under absorption of overheads calculated for **each** production department in part (c).

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..... [2]

Additional information

Aluko Limited has been asked to prepare a quotation for a customer requiring 250 units of BS200. The company requires a 35% gross profit on **each** order.

REQUIRED**(e)** Calculate the quoted selling price.

	\$

[6]

(f) Explain the following terms in relation to overheads.

1 Allocation

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2 Apportionment

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3 Absorption

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..... [6]

[Total: 30]

