2 Hilary owns a manufacturing business. She has provided the following information.

	\$
Inventory at 1 August 2022	
Raw materials	9100
Work in progress	21357
Finished goods	24 235
For the year ended 31 July 2023	
Revenue	457 250
Purchases of raw materials	110 000
Purchases returns of raw materials	2200
Purchases of finished goods	23 500
Purchases returns of finished goods	4700
Wages of factory operatives	91665
Wages of factory supervisor	29000
Wages of office supervisor	28 000
Heat, light and power	11 600
Rates and insurance	8 2 5 0
Factory repairs and renewals	5 1 2 5
Factory equipment – at cost	124 000
Factory equipment – provision for depreciation	35500

## Additional information

1 Inventory at 31 July 2023

Raw material	9980
Work in progress	22446
Finished goods	25 110

- 2 Heat, light and power is to be apportioned 4/5 to the factory and 1/5 to the office.
- Rates and insurance is to be apportioned 3/5 to the factory and 2/5 to the office. Insurance of \$4440 has been paid for the year to 31 December 2023.
- 4 At 31 July 2023, a factory repair, \$644, was unpaid and no adjustment had been made.
- 5 Factory equipment is depreciated at 25% per annum using the reducing balance method.

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## **REQUIRED**

(a) Prepare Hilary's manufacturing account for the year ended 31 July 2023.

## Hilary Manufacturing Account for the year ended 31 July 2023

\$	\$

[11]

(b)	Calculate Hilary's gross profit for the year ended 31 July 2023.
	[4]
	ry is considering stopping buying any finished goods for resale and instead increasing the duction at her factory.
REC	QUIRED
(c)	Advise Hilary whether she should sell only production from her own factory and increase the amount produced. Justify your answer by providing arguments for and against selling only production from her own factory and increasing the amount produced.
	[5]

[Total: 20]