



- 5 GH Company manufactures car parts and has provided the following information relating to the year ended 31 March 2025.

	\$
Revenue	1 107 272
Raw materials	
Inventory at 1 April 2024	21 700
Inventory at 31 March 2025	16 400
Finished goods	
Inventory at 1 April 2024	76 370
Inventory at 31 March 2025	49 660
Salaries and wages	
Operatives' wages	241 200
Factory supervisors' salaries	48 240
Office staff salaries	64 350
Purchases of raw materials	280 050
Purchases of finished goods	122 430
Carriage in on finished goods	2 242
Factory machinery at cost	427 000
Accumulated depreciation of factory machinery	187 000
Rent and rates	10 060
Electricity charges	9 344
Insurance	18 400
Factory general expenses	27 640
Work in progress at 1 April 2024	83 440
Work in progress at 31 March 2025	92 510

Additional information

- 1 Depreciation on factory machinery is to be provided at 15%, using the reducing balance method.
- 2 Rent and rates – 60% relate to the factory, with the remainder being for the office.
- 3 Electricity charges are to be split in the ratio 5 : 3 between factory and office.
- 4 Insurance is split equally between factory and office.



Question	Answer	Marks																																																																																												
5(a)	<p>GH Company Manufacturing Account for the year ended 31 March 2025</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 10%; text-align: center;">\$</td> <td style="width: 30%;"></td> </tr> <tr> <td>Cost of materials consumed</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Opening inventory</td> <td></td> <td style="text-align: right;">21 700</td> <td>*</td> </tr> <tr> <td> Purchases</td> <td></td> <td style="text-align: right;">280 050</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">301 750</td> <td></td> </tr> <tr> <td> Less closing Inventory</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">16 400</td> <td>(1)* both</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">285 350</td> <td>(1)</td> </tr> <tr> <td>Operatives wages</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">241 200</td> <td>(1)</td> </tr> <tr> <td>Prime cost</td> <td></td> <td style="text-align: right;">526 550</td> <td>(1)OF</td> </tr> <tr> <td> Factory Overheads</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Factory Supervisors salaries</td> <td style="text-align: right;">48 240</td> <td></td> <td>(1)</td> </tr> <tr> <td> Rent and rates (10 060 × 60%)</td> <td style="text-align: right;">6 036</td> <td></td> <td>(1)</td> </tr> <tr> <td> Electricity charges (9 344 / 8 * 5)</td> <td style="text-align: right;">5 840</td> <td></td> <td>(1)</td> </tr> <tr> <td> Insurance (18 400 × 50%)</td> <td style="text-align: right;">9 200</td> <td></td> <td>(1)</td> </tr> <tr> <td> Factory General expenses</td> <td style="text-align: right;">27 640</td> <td></td> <td>(1)</td> </tr> <tr> <td> Depreciation of machinery (427 000 – 187 000) × 15%</td> <td style="text-align: right; border-bottom: 1px solid black;">36 000</td> <td></td> <td>(1)</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">132 956</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">659 506</td> <td>(1) OF</td> </tr> <tr> <td>Work in Progress</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Opening Work in Progress</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">83 440</td> <td>**</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">742 946</td> <td></td> </tr> <tr> <td> Closing Work in Progress</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">92 510</td> <td>(1)** both</td> </tr> <tr> <td>Cost of Production</td> <td></td> <td style="text-align: right;">650 436</td> <td>(1) OF</td> </tr> </table>		\$	\$		Cost of materials consumed				Opening inventory		21 700	*	Purchases		280 050				301 750		Less closing Inventory		16 400	(1)* both			285 350	(1)	Operatives wages		241 200	(1)	Prime cost		526 550	(1)OF	Factory Overheads				Factory Supervisors salaries	48 240		(1)	Rent and rates (10 060 × 60%)	6 036		(1)	Electricity charges (9 344 / 8 * 5)	5 840		(1)	Insurance (18 400 × 50%)	9 200		(1)	Factory General expenses	27 640		(1)	Depreciation of machinery (427 000 – 187 000) × 15%	36 000		(1)			132 956				659 506	(1) OF	Work in Progress				Opening Work in Progress		83 440	**			742 946		Closing Work in Progress		92 510	(1)** both	Cost of Production		650 436	(1) OF	13
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Question	Answer				Marks	
5(b)	GH Company Trading section of the Income Statement for the year ended 31 March 2025				7	
		\$		\$		
	Revenue			1 107 272		(1)
	Cost of sales					
	Opening inventory finished goods	76 370	*			
	Cost of production	650 436	(1)OF			
	Purchases of finished goods	122 430	(1)			
	Carriage in	<u>2 242</u>	(1)			
		851 478				
	Less closing inventory of finished goods	<u>49 660</u>	(1)* both	<u>(801 818)</u>		(1)OF
Gross profit			<u>305 454</u>	(1)OF		