****

**CHAPTER 19 – STRUCTURED QUESTIONS**

1.

Using the appropriate columns in the table below, you are required to classify the accounts.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **ADMINISTRATION** | **PRIME COSTS** | **FACTORY OVERHEADS** | **SELLING AND DISTRIBUTION** |
| Raw materials used |  |  |  |  |
|  |  |  |  |  |
| Production wages paid |  |  |  |  |
|  |  |  |  |  |
| Royalties expenses paid |  |  |  |  |
|  |  |  |  |  |
| Insurance paid for office building |  |  |  |  |
|  |  |  |  |  |
| Cleaning materials |  |  |  |  |
|  |  |  |  |  |
| Freight paid for raw materials |  |  |  |  |
|  |  |  |  |  |
| Supervisor salaries paid |  |  |  |  |
|  |  |  |  |  |
| Depreciation for factory machinery |  |  |  |  |
|  |  |  |  |  |
| Factory insurance paid |  |  |  |  |
|  |  |  |  |  |

2.

On May 1st, 20—Zylon’s Car Assembly plant collected the following information.

Opening stock of raw materials $17 000

Carriage on raw materials 3 000

Purchases of raw materials 120 000

Closing stock of raw materials 30 000

You are required to calculate the cost of raw materials consumed for Zylon’s Car Assembly plant

3.

P. Singh is a manufacturer of steel pans. For the month of April 20—the following information was made available.

Stock of raw materials April 1 6 000

Stock of raw materials April 30 25 000

Wages of factory workers 30 000

Factory power 1 000

Factory depreciation on equipment 2 000

Purchase of raw materials 15 000

Carriage on raw materials 1 000

Factory manager salary 9 000

Work in progress April 1 1 000

Work in progress April 30 2 000

You are required to prepare the manufacturing account for P. Singh for the month of April showing clearly

(a)Raw material consumed

(b) Prime cost

(c)Total factory overhead

(d)Cost of production during the month of April

(e)Cost of goods manufactured

4.

Natalie and Persad perfume business traded under the name Young Forever. They have intentions of expanding the business. The owners need you to help them calculate the cost of production. At the moment the cost of production is $150 000 while the cost of goods sold is $145 000. For this financial year, N and P as they are commonly called produced 90 000 bottles of perfume.

Using the above information, you are required to calculate N and P’s cost of producing one bottle of Young Forever perfume

5.

Identify the names of the closing stock balances that are entered in the Balance sheet

**CHAPTER 19 – ANSWERS**

1.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **ADMINISTRATION** | **PRIME COSTS** | **FACTORY OVERHEADS** | **SELLING AND DISTRIBUTION** |
| Raw materials used |  | **/** |  |  |
|  |  |  |  |  |
| Production wages paid |  | **/** |  |  |
|  |  |  |  |  |
| Royalties expenses paid |  | **/** |  |  |
|  |  |  |  |  |
| Insurance paid for office building | **/** |  |  |  |
|  |  |  |  |  |
| Cleaning materials |  |  | **/** |  |
|  |  |  |  |  |
| Freight paid for raw materials |  | **/** |  |  |
|  |  |  |  |  |
| Supervisor salaries paid |  |  | **/** |  |
|  |  |  |  |  |
| Depreciation for factory machinery |  |  | **/** |  |
|  |  |  |  |  |
| Factory insurance paid |  |  | **/** |  |
|  |  |  |  |  |

2.

Zylon’s Car Assembly Plant

Manufacturing a/c (Extract)

For the year ended April 30th 20—

Opening stock of raw materials $17 000

Add purchases of raw material 120 000

Carriage inwards of raw materials 3 000

123 000

140 000

Less closing stock of raw materials (30 000)

Cost of raw materials consumed 110 000

3.

P. Singh

Manufacturing a/c

For the month of April

Opening stock of raw materials 6 000

Purchases of raw materials 150 000

Carriage on raw materials 1 000

Net purchases on raw materials 151 000

Materials available for use 157 000

Less closing stock of raw materials (25 000)

Cost of raw materials consumed 132 000

Wages of factory workers 30 000

Prime cost 152 000

Factory overheads

Factory power 1 000

Factory depreciation on equipment 2 000

Factory manager salary 9 000

Total factory overhead 12 000

Cost of production 164 000

Add work in progress 1 000

165 000

Less work in progress 2 000

Cost of goods manufactured 163 000

4.

Cost of production/number of goods produced=$150 000/90 000=$1.667=$1.68

5.

-raw materials

-work in progress

-finished goods

**CHAPTER 20 – STRUCTURED QUESTIONS**

1.

Match the payroll items in List A with the explanations given in List B

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. Pay As You Earn | a)the amount an employee receives after deductions have been made from the gross pay |
|  |  |
| 2. Pay slip | b)compulsory type of deductions |
|  |  |
| 3.Overtime | c)workers are paid for the pieces they produce |
|  |  |
| 4.Salary | d)the daily records of employees time of arrival and departure |
|  |  |
| 5.Piecework | e)calculated on a monthly or annually basis |
|  |  |
| 6.Employees earnings record | f)listing of employees, details or wages/salaries earned |
|  |  |
| 7.Paysheet | g)shows the total amounts of gross pay, each deduction and net pay |
|  |  |
| 8.Net pay | h)additional hours worked |
|  |  |
| 9.Clock card | i)document which gives the details of gross pay, various deductions and net pay |
|  |  |

2.

The following employees work with the Fritzees Drilling Company

|  |  |  |
| --- | --- | --- |
| **NAME OF EMPLOYEE** | **HOURLY RATE** | **HOURS WORKED** |
| M. SOANES | $80 | 50 |
| T. SINGH | $65 | 40 |
| A. RAMESSAR | $90 | 48 |
| A. ADE | $100 | 55 |

The firm does not pay overtime. The following deductions are to be deducted from each employee

National Insurance Contributions $95 per employee

Medical plan $130 per employee

Pay As you Earn 10% on gross pay

You are required to use the wages sheet provided for week ending October 31, 20—

(i) Insert the above information

(ii) Total the columns in the wages sheet

WAGES SHEET – Week ending October 31 20—

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| NAMES | GROSS WAGES | PAYE | NIS | MEDICAL PLAN | TOTAL DEDUCTIONS | NET PAY |
|  | $ | $ | $ | $ | $ | $ |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

3.

State the ways in which wages for the employees in (2) above may by paid?

4.

Which account and final report will the information for wages in (2) above will be recorded?

5.

K. Fritz was hired by Clunis and Wendy Limited on August 3rd 20--. His first monthly cheque of $13 200 was received on August 1, 20--. Information K. Fritz is as follows

Monthly salary $20 000

Deductions:

P.A.Y.E. 20%

National Insurance $100

Health Surcharge $50

Pension plan $150

Credit union $2 500

You are required to use the Employees Earning Record Form provided and complete information related to K. Fritz for 2 months (namely August and September respectively) of employment. **(Hint: The information for the both months will be the same)**

EMPLOYEE’S EARNINGS RECORD CARD

|  |
| --- |
| NAME OF EMPLOYEE: |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | PERIOD ENDED | GROSS SALARY | N.I.S. | P.A.Y.E. | CREDIT UNION | HEALTH SURCHARGE | PENSION PLAN | TOTAL DEDUCTIONS | NET SALARY | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |

**CHAPTER 20 – ANSWERS**

1.

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. | B |
|  |  |
| 2. | I |
|  |  |
| 3. | H |
|  |  |
| 4. | E |
|  |  |
| 5. | C |
|  |  |
| 6. | G |
|  |  |
| 7. | F |
|  |  |
| 8. | A |
|  |  |
| 9. | D |
|  |  |
|  |  |

2.

WAGES SHEET – Week ending October 31 20—

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| NAMES | GROSS WAGES | PAYE | NIS | MEDICAL PLAN | TOTAL DEDUCTIONS | NET PAY |
|  | $ | $ | $ | $ | $ | $ |
| M. SOANES | 4 000 | 400 | 95 | 130 | 625 | 3 375 |
|  |  |  |  |  |  |  |
| T. SINGH | 2 600 | 260 | 95 | 130 | 485 | 2 115 |
|  |  |  |  |  |  |  |
| A. RAMESSAR | 4 320 | 432 | 95 | 130 | 657 | 3 663 |
|  |  |  |  |  |  |  |
| A.ADE | 5 500 | 550 | 95 | 130 | 775 | 4 725 |
|  |  |  |  |  |  |  |
|  | 16 420 | 1 642 | 380 | 520 | 2 542 | 13 878 |
|  |  |  |  |  |  |  |

3.

-by cheque

-by cash

-by credit transfer

4.

-wages account

-income statement

5

. EMPLOYEE’S EARNINGS RECORD CARD

|  |
| --- |
| NAME OF EMPLOYEE: K. Fritz |
| |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | | PERIOD ENDED | GROSS SALARY | N.I.S. | P.A.Y.E. | CREDIT UNION | HEALTH SURCHARGE | PENSION PLAN | TOTAL DEDUCTIONS | NET SALARY | |  | $ | $ | $ | $ | $ | $ | $ | $ | | August 31, 20-- | 20 000 | 100 | 4 000 | 2 500 | 50 | 150 | 6 800 | 13 200 | |  |  |  |  |  |  |  |  |  | | September 30, 20-- | 20 000 | 200 | 8 000 | 5 000 | 100 | 300 | 13 600 | 26 400 | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |