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