

- 1 Shane Limited is a small manufacturing company.  
The directors provided the following information for the six months ended 31 December 2013.

	\$000
Trade receivables at 1 July 2013	40
Trade receivables at 31 December 2013	54
Cash received from trade receivables	3320
Sales returns	60
Bad debts	80

All sales are on credit.

**REQUIRED**

- (a) Prepare a sales ledger control account to calculate Shane Limited's sales for the 6 months ended 31 December 2013

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Shane Limited's financial statements also showed the following information for the 6 months ended 31 December 2013.

	\$000
Inventories at 1 July 2013	
Raw materials	80
Work in progress	110
Finished goods	204
Purchases	
Raw materials	780
Finished goods	150
Carriage inwards	128
Factory power (direct)	88
Factory machinery at cost	160
Motor vehicles at cost	140
Production wages	480
Electricity	138
Rent	326
Factory expenses	56
General office expenses	45

#### **Additional information**

- 1 Inventories at 31 December 2013
 

Raw materials	\$112 000
Work in progress	\$146 000
Finished goods	\$210 000
- 2 Rent prepaid at 31 December 2013, \$26 000.
- 3 Expenses were allocated as follows:
 

Electricity	2/3 factory, 1/3 office
Rent	3/5 factory, 2/5 office
- 4 Motor vehicles were used solely for the distribution of finished goods.
- 5 Depreciation was provided annually on a straight-line basis as follows:
 

Factory machinery	20%
Motor vehicles	10%

## REQUIRED

**(b)** Prepare Shane Limited's manufacturing account for the 6 months ended 31 December 2013.

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**(d)** Explain the following concepts:

**(i)** Matching

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**(ii)** Materiality

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