4 During the year ended 31 March 2014 a machine was sold for \$14 000. This had been debited to the bank account and credited to the sales account.

The machine had been purchased for \$44 000 and depreciation of \$24 000 had been written off up to 31 March 2013. A full year's depreciation is provided in the year of purchase but none in the year of sale.

5 Depreciation is to be provided as follows:

Factory premises 1% straight line

Factory machinery 15% reducing (diminishing) balance.

6 The provision for doubtful debts is to be adjusted to 5% of trade receivables.

REQUIRED

(a)	Prepare Nother Limited's manufacturing account for the year ended 31 March 2014.
	[10]

(b)	Prepare Nother Limited's income statement for the year ended 31 March 2014.	
		••••
		••••

(c)	Explain the following terms.
	Direct costs
	[2]
	Indirect costs
	[4]
	Prime cost
	[2]
	Production cost
	[2]