

- 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.

- |                   |                                     |
|-------------------|-------------------------------------|
| Factory premises  | 1% straight line                    |
| Factory machinery | 15% reducing (diminishing) balance. |

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

[10]

[10]

(c) Explain the following terms.

Direct costs

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..... [2]

Indirect costs

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..... [4]

Prime cost

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..... [2]

Production cost

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..... [2]