**Question 1**

T&T Sdn Bhd manufactures specific motors car components. The following balances were extracted from the books at 31 December Year 2:

|  |  |  |
| --- | --- | --- |
|  |  | **RM** |
|  | Inventories, 1 July Year 2 |  |
|  | Raw Materials | 45,000 |
|  | Work In Progress, at factory cost | 28,000 |
|  | Finished Goods, at transfer price | 60,000 |
|  | Inventories, 31 December Year 2 |  |
|  | Raw materials | 53,000 |
|  | Work In Progress, at factory cost | 37,000 |
|  | Finished Foods, at transfer price | 42,000 |
|  | Raw Materials |  |
|  | Purchases | 250,000 |
|  | Purchases Returns | 10,500 |
|  | Carriage Inwards | 8,900 |
|  | Sales | 2,000,000 |
|  | Direct Overheads | 65,000 |
|  | Rent | 27,500 |
|  | Insurance | 12,000 |
|  | Rental of Office Equipment | 15,300 |
|  | Water and Electricity | 31,500 |
|  | General Office Expenses | 57,200 |
|  | Office Salaries and Wages | 90,000 |
|  | Factory Wages | 150,000 |
|  | Factory Repairs and Maintenance | 64,000 |
|  | Cleaning Expenses | 25,000 |
|  | Other Factory Overheads | 57,800 |
|  | Cost of Factory Machinery | 1,500,000 |
|  | Accumulated Depreciation of Factory Machinery | 300,000 |

**The following were the relevant information:**

1. Prepayments on 31 December Year 2:

Water and Electricity RM2,000

1. Accrued Rent on 31 December Year 2 was RM2,500.
2. Rent, insurance, water and electricity as well as cleaning expenses were allocated as:

Factory 75%

Office 25%

1. Factory wages were to be apportioned 70% to the direct labour and the remainder to the indirect labour.
2. Depreciation of factory machinery: 10% per annum on cost.
3. Completed components were transferred from the factory at a market price of RM950,000.

You’re required to prepare:

1. Manufacturing Account for the half year ended 31 December Year 2;
2. Income Statement (Trading Account Section Only) for the half year ended 31 December Year 2.

**(Answer Guide: PC=410,000, MP=234,425, GP=1,266,425)**