**Question 6**

The following information relates of the business of HP Manufacturing Ltd, a manufacturer of consumer goods:

|  |  |
| --- | --- |
| Balance at 1 April 2022: | RM |
| Inventory - Raw Materials | 58,000 |
| - Work in progress (at prime cost) | 16,000 |
| - Finished goods | 20,000 |
| Non-current assets at carrying amounts - Machinery | 108,000 |
| - Office equipment | 35,000 |
| - Loose tools | 12,000 |
| Premises rental due unpaid | 4,000 |

Summary of bank account during the year ended 31 March 2023:

|  |  |  |  |
| --- | --- | --- | --- |
|  | RM |  | RM |
| Balance at I April 2022 | 52,200 | Purchases - Raw materials | 344,000 |
| Sales | 818,000 | - Finished goods | 32,000 |
| Royalty Income | 3,000 | - Loose tools | 4,000 |
| Dividend from Bhd | 5,000 | Plant | 60,000 |
|  |  | Office equipment | 8,000 |
|  |  | Investment - 50,000 ordinary shares |  |
|  |  | of Q Bhd at RM 2 per share | 100,000 |
|  |  | Salaries - production | 105,000 |
|  |  | - office management | 42,000 |
|  |  | Indirect factory wages | 28,600 |
|  |  | Hire of productive machine | 12,000 |
|  |  | Premises rental | 35,000 |
|  |  | Freight on raw materials | 2,000 |
|  |  | Advertising | 3,300 |
|  |  | Maintenance on machinery | 1,800 |
|  |  | Printing and stationery | 900 |
|  |  | Directors' fees | 10,500 |
|  |  | General Expenses - Factory | 17,000 |
|  |  | - Office | 6,000 |

|  |  |
| --- | --- |
| Balance at 31 March 2023: | RM |
| Inventory - Raw materials | 62,000 |
| - Work in progress (at prime cost) | 23,500 |
| - Finished goods | 33,000 |
| Non-current assets at carrying amount - Machinery | 98,000 |
| - Office equipment | 35,000 |
| - Loose tools | 14,000 |
| Premises rental in advance | 10,000 |

**Additional information:**

1. An invoice of RM 1,000 for purchases of raw materials was overlooked.
2. Production salaries were understated by RM 500 .
3. Premises rental is to be apportioned 2/3 to the factory and the rest to the office.
4. Plant is charged at a depreciation of 20% per annum on equal instalment basis. The plant has a scrap value of RM 2,000 at the time of disposal.
5. Sales figure included RM 3,000 to scrap raw materials.
6. Goods manufactured were transferred from factory at a standard cost of RM 555,000 .

**You are required to** **prepare** the following financial reports for the year ended 31 March 2023:

(a) Manufacturing Account;

(b) Income Statement (Trading account section only).