

THE STATE UNIVERSITY OF ZANZIBAR
SEMINAR QUESTION ON MANUFACTURING ACCOUNTING

QUESTION 1

RUQAYYA Ltd.'s accountant extracted the following data from the company account records for the year relating on 30 June 2023

	TZS
Sales	729,500
Direct labour	142,000
Purchase of raw material's	240,000
Selling expenses	50,000
Administration expense	60,000
Inventories at 1 st July 2016:-	
Raw materials	64,000
Work in progress	50,000
Finished Goods	96,000
Inventories at 30 th June 2023	
Raw materials	56,000
Work in progress	48,000
Finished Goods	104,000

Factory overhead is applied at the rate of 110% of direct labour cost

Required: Prepare the manufactured cost statement for the end of 30th June 2023

QUESTION 2

On 31 July 2021 the following information was provided by Kakacholo Limited, a manufacturer of garden tools

	TZS “000”
Inventory 1 August 2020	
Raw materials	5,820
Work in progress	1,750
Finished goods	12,360
Purchases	
Raw materials	34,200
Finished goods	3,900
Carriage on purchases	
Raw materials	410
Finished goods	80
Direct wages	67,200
Indirect factory wages	24,000
Factory machinery at cost	47,000
Provision for depreciation of factory machinery	11,000
Factory general overheads	16,400
Rates	5,300
Inventory 31 July 2021	
Raw materials	6,030
Work in progress	2,780
Finished goods	10,340
Revenue	223,000

Additional information

1. On 31 July 2021 rates, TZS500,000 were prepaid.
2. Rates are to be apportioned 75% factory, 25% office.
3. Factory machinery is to be depreciated at 20% per annum using the reducing balance method
4. The factory output is transferred to the trading account at factory cost plus 25% of factory profit

REQUIRED

- i. Prepare the manufacturing account of Kakacholo Limited for the year ended 31 July 2021
- ii. Prepare the income statement (trading section) of Kakacholo Limited for the year ended 31 July 2021.

QUESTION 3

The following balances have been extracted from the books of Kichachuli Manufacturers, a small-scale manufacturing enterprise, as at 31 December 2023

	TZS"000"
Inventory as at 1 January 2023:	
Raw materials	7,000
Work in progress	5,000
Finished goods	6,900
Purchases of raw materials	38,000
Direct labour	28,000
Factory overheads:	
Variable	16,000
Fixed	9,000
Administrative expenses:	
Rent and rates	19,000
Lighting	6,000
Stationery and postage	2,000
Staff salaries	19,380
Sales	192,000
Plant and machinery:	
At cost	30,000
Provision for depreciation	12,000
Motor vehicles (for sales deliveries):	
At cost	16,000
Provision for depreciation	4,000
Creditors	5,500
Debtors	28,000
Drawings	11,500
Balance at bank	16,600
Capital at 1 January 2023	48,000
Provision for unrealized profit at 1 January 2023	1,380
Motor Vehicle running costs	4,500

Additional information:

1. Inventory at 31 December 2023 were as follows:

	TZS. "000"
Raw materials	9,000
Work in progress	8,000
Finished goods	10,350

2. The factory output is transferred to the trading account at factory cost plus 25% of factory profit.
3. Depreciation is provided at the rates shown below on the original cost of fixed assets held at the end of each financial year.

Plant and machinery	-	10% per annum
Motor vehicles	-	25% per annum
4. Amounts accrued at 31 December 2023 for direct labour amounted to TZS. 3,000,000 and rent and rates prepaid at 31 December 2023 amounted to TZS. 2,000,000.

REQUIRED:

- a) Manufacturing, Statement of Comprehensive income for the year ended 31 December 2023.
- b) Statement of Financial Position as at 31 December 2023.

QUESTIONS 3

Trial Balance (extract) of “Dongo” Ltd for year ended 31 December 2023.

	TZS	TZS
Sales revenue		850,250
Returns In	4,500	
Purchase of raw materials	425,651	
Returns out		7,200
Carriage out	15,230	
Carriage in	13,300	
Inventories at 1 January 2023		
Raw material	90,500	
Work in progress	32,070	
Finished Goods	27,250	
Direct factory wages	60,790	
Factory supervisors salary	37,560	
Employer's PAYE (all factory related)	10,570	
Machinery at cost	132,000	
Repairs to machinery	9,700	
Power(60% production, 40% administration)	24,300	
Insurance	15,000	
Other admin expenses	73,500	

The additional information is also available;

1. Inventory at 31 December 2023;
 - Raw Material - TZS96,000
 - Work in Progress - TZS32,320
 - Finished Goods - TZS24,050
2. Machinery is to be depreciated by 10% using the straight line method.
3. 40% of insurance relates to production, the remainder to distribution.

REQUIRED

- a) Prepare a statement showing the factory cost of goods produced for the year ended 31 December 2023.
- b) Calculate the gross profit for the year ended 31 December 2023.
- c) Calculate the net profit for the year ended 31 December 2023.