

Ch-486

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Sp-19

1.6

Adjustment Entries
December 31, 2017

Date	Particulars	Ref	Debit	Credit
(a)	Account Receivable ----- Dr Service Revenue ----- Cr		300	300
(b)	Utilities expense ----- Dr Utilities payable ----- Cr		1800	1800
(c)	Supplies Expense ----- Dr Supplies ----- Cr		900	900
(d)	Depreciation Expense ----- Dr Accumulated Depreciation ----- Cr		720	720

Gray Electronic Repair Services
Adjusted Trial Balance
December 31, 2017

③

Account Title	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	7480				7480	
Accounts Receivable	3400		300(a)		3700	
Supplies	1500			900(c)	600	
Furniture & Fixtures	3000				3000	
Service Equipment	16000				16000	
Accounts Payable		9000				9000
Loans Payable		12000				12000
Mr. Gray, Capital		13200				13200
Mr. Gray, Drawing	7000				7000	
Service Revenue		9550		300(a)		9850
Rent expense	1500				1500	
Salaries Expense	3500				3500	
Taxes & Licenses	370				370	
Utilities expense			1800(b)		1800	
Utilities Payable				1800(b)		1800
Supplies expense			900(c)		900	
Depreciation Expense			720(d)		720	
Accumulated Depreciation				720(d)		720
Total	43750	43750	3720	3720	46570	46570

4. (a)

Description	July	August	September	October	No
Budgeted sales unit	40,000	50,000	70,000	35,000	20,000
(+) Ending inventory	20,000	26,000	15,500	11,000	
(-) Beginning inventory	17,000	20,000	26,000	15,500	
∴ Budget production	43,000	56,000	59,500	30,500	

(b)

Description	July	August	September	Total Quarter	Oct
Budget production	43,000 x 3 cubic foot	56,000 x 3 cubic foot	59,500 x 3 cubic foot	158,500 x 3 cubic foot	30,500 x 3 cubic foot
Production need	129,000	168,000	178,500	475,500	91,500
(+) Ending material inventory	84,000	89,250	413,750	457,500	
(-) Beginning material inventory	64,500	84,000	89,250	64,500	
Total budgeted materials	148,500	173,250	135,000	456,750	

or, (a) Given,

	Total	Per Unit
⊕ Sales	\$600,000	\$40
⊕ V.C	\$420,000	\$28
⊕ CM	\$180,000	\$12
⊕ F.C	\$150,000	
⊕ NOI	\$30,000	

(a) BEP in unit = $\frac{FC}{CM}$ per units

$$= \frac{150000}{12}$$

We know, = 12500 units.

BEP in sales amount = $\frac{FC}{CM \text{ ratio}}$
Now,

CM ratio = $\frac{CM}{sales}$
= $\frac{12}{40}$

$$= 0.3$$

Now, BEP in Sales amount = $\frac{150000}{0.3}$

$$= 500,000 \$$$

$$\frac{000,000}{000,000}$$

$$\frac{12.0}{12.0}$$

(b) At BEP, total CM must be equal to fixed expense. (FC)
So, here, total CM at BEP will be \$150,000.

(c) For \$18,000

$$\text{Target profit Sales Unit} = (\text{FC} + \text{Target profit}) / \text{CM per unit} \\ = (150,000 + 18,000) / 12$$

For \$19,500

"

"

"

"

For \$19,000

$$= (150,000 + 19,500) / 12$$

= 14125

(d) MOS in amount = $\frac{\text{actual sales} - \text{Break even sales}}{\text{sales}}$
 $= \$600,000 - \$500,000$

MOS in percentage = $\frac{\text{MOS}}{\text{sales}}$

$$= \frac{100,000}{500,000}$$

$$= 0.2 \\ = 20\%$$

Sp-19

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Description	Amount	Amount	Amount
<u>1. Direct Materials :</u>			
Raw Materials			
(+) Net Purchase		40,000	
		48,000	
Material available for use less Inventory, ending Balance			520,000 (-) 30,000
Direct Material consumed			490,000
(+) Direct labour			380,000
Prime cost			870,000
<u>(2) Factory overhead:</u>			
Depreciation:			
Building :	20,000		
Equipments :	30,000		
Other factory expense :	20,000		
Indirect labour	120,000		
Repair expense (factory)	60,000		
factory Utilities	10,000		
Total Factory overhead		260,000	
Total Manufacturing cost			1,130,000 (a)
(+) Work in process, beg. In			30,000
(-) " " " , ending Inven.			(-) 60,000
Cost of good Manufactured			1,100,000 (b)

Description	Amount	Amount	Amount
cost of goods manufactured			1,100,000
(+) finished goods inventory, beginning balance			450,000
Cost of goods available for sale			1,550,000
(-) less finished good, ending balance			(660,000)
Costs of goods sold			1,090,000