Nafisa Ayman Tanha

Aat-22

(1) (a)

Income Statement

Description		Amount	Amount
Revenue:	Interest Revenue	33680	
	Rental "	240	
			33920
Less: Expenses:	Salary expense	9050	
	Rental "	3200	
	Utility "	1970	
	Supplies "	4080	
	Sunday "	910	
	Insurance "	200	
			19410
Net profit			14510

Owners equity

Description	Amount
Capital	30000
(+) Net profit	14510
(-) Withdrawl	8000
	36510

Balance Sheet

Assets	Amount	Amount	Liabilities & OE	Amount	Amount
Current Assets:			**Liabilities:**		
Cash	19130		Unearned Interest revenue	480	
A/R	5440		A/P	1800	
Supplies	1520		N/P	15000	
Insurance Prepayment	4600		Salary payable	500	
Office equipments	3600				17780
		34290			
fixed Assets:			O.E :		36510
Land		20000			
Total assets :		54290	Total Liabilities & OE		54290

1a(Or)

particulars	Trial Balance		Adjustment entries		Adjustment Trial Balance		Income statement		Balance sheet	
	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)
cash	1670				1670				1670	
N/R	10340				10340				10340	
Interest/R			g) 170		170				170	
Sup	560			b) 150	410				410	
pre. insurance	1790			c) 390	1400				1400	
Furniture	27410				27410				27410	
Acc. dep. Furniture		1480		h) 380		1860				1860
Building	55900				55900				55900	
Acc. dep. building		33560		h) 160		33720				33720
Land	13700				13700				13700	
N/P		14790		f) 60		14790				14790
Interest/P				d) 220		220				220
Salary/P				a) 600		600				600
un. nen. revenue		6800	e) 4400			2400				2400
N/P		18700				18700				18700
										P.T.O

particulars	Trial Balance		Adjustment entries		Adjustment Trial Balance		Income statement		Balance sheet	
	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)	Dr($)	Cr($)
capital		34290				34290				34290
withdrawals	3800				3800				3800	
Service revenue		9970		e) 4400		14370		14370		
Interest revenue				g) 170		170		170		
dep. exp. furniture			h) 380		380		380			
dep. exp. building			h) 160		160		160			
Salary expense	2170		a) 600		2770		2770			
Insurance expense			c) 390		390		390			
Interest expense			d) 220		220		220			
Utilities expense	490				490		490			
pre. -tax expense	640				640		640			
Advertising expense	1060		f) 60		1120		1120			
Supplies expense			b) 150		150		150			
Total ⟶	119530	119530	6530	6530	121120	121120	6320	14540	114800	106580
net income							8220			8220
							14540	14540	114800	114800

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Part B (3no A)

	Amount	Amount
1) Raw or Direct materials:		
Raw materials	10000 ✓	
Purchase discounts	-350 ✓	
Purchase returns and allowances	-2150	
Freight in	1500	
Materials Purchase	42,350 ✓	
Cost of Raw		51350
		8000
		43350
2) Direct factory labor	85,500	
Prime cost (1+2)		~~136850~~
3) Factory Overhead:		128850
Factory Insurance	5140 ✓	
Depreciation: other factor		
-Machinery (25,000 X 90%)	22500 ✓	
-Building (18,000 X 40%)	7200 ✓	
Other factory expenses	16,00 ✓	
Indirect Materials	2350 ✓	
Utility Expense	3040 ✓	
Production supervisors salary	5,000 ✓	
Indirect labor	4350 ✓	
~~Indirect materials~~	~~2350~~ ✓	
Total manufacturing cost (1+2+3)		180030
Beginning inventory (WIP)		5,000
Ending " (WIP)		-2000
Cost of goods manufactured		175030
Beginning inventory of finished goods		6,000
cost of goods available for use		181030
Ending inventory of finished goods		-4,000
Cost of goods sold		177030

Figure No. 4(a)

Required 1:

We know,

$$\text{CM ratio} = \frac{\text{CM}}{\text{Sales}} \times 100\%$$

$$= \frac{24}{60} \times 100\%$$

$$= 40\%$$

Here,

Sales = $60 p.u

V.E = $36 p.u

$\therefore$ CM = S.E − V.E

= ($60 − $36) p.u

= 24 p.u.

Required 2:

(a) We know,

BEP in unit for equation method ⇒ Sales = V.E + F.E + Profit

Now,

Sales = V.E. + F.E + Profit

$60x = $36x + 360,000 + 90,000

$\therefore x$ = 18,750 unit

So, BEP in unit for equation method 18,750 unit.

Here, VE = $36 pu

FE = $360,000 per unit

profit = 90,000

Sales = $60 pu.

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B.E.P in sales dollars for equation method = B.E.P in unit X S.P

= $18,750 X $60
= 11,25,000

(a) We know,

B.E.P in unit for equation method ⇒ Sales = V.E + F.E + Profit

or, $60x = 36x + 360000 + 0

∴ x = 15000 unit

So, B.E.P in unit for equation method 15,000 unit

B.E.P in sales dollars for equation method =

B.E.P in unit X S.P

= 15000 X $60
= 59,00,000

Here, V.E. = $36 pu
F.E = $360000 pu
sales = $60 unit
profit = 0

Figure No.....

© B.E.P in unit for equation method ⇒

Sales = V.E. + F.E + profit
$60x = $33 + $360000 + 0
∴ x = 13333.33 unit

Here, sales. = $60 pu
V.E. = $36 − $3 pu
= $33 pu
profit = 0, F.E. = $360,000 per year

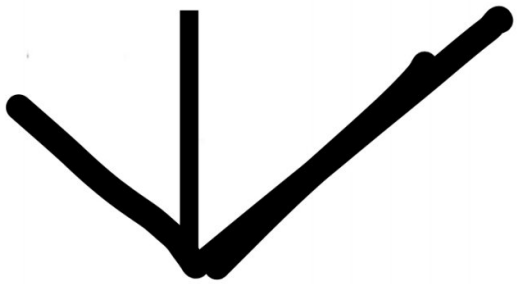
So, BEP in unit for eqn method is 13333.33 unit.

B.E.P in sales dollar for equation method

= B.E.P in unit × S.P = (13333.33 × $33)
= $440,000

Required 3:

We know,
MOS = Actual Sales − B.E.P in unit
= $36 −



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4a (ore)

Req ⓐ

We know,

$$\text{BEP in unit} = \frac{\text{F.E}}{\text{C.M in unit}} = \frac{\$150,000}{\$12} \text{ unit}$$

$$= 12,500 \text{ unit}$$

$$\text{BEP in sales dollar} = \frac{\text{F.E}}{\text{CM ratio}}$$

$$= \frac{150,000}{\left(\frac{180,000}{600,000}\right)}$$

$$= 500,000$$

Req ⓑ

At BEP, total CM must be equal to fixed expense. So, here total CM at BEP will be $150,000.

Req ⓒ Here, the target profit 18,000 & 19,000

Firstly profit① = 18,000

$$\text{B.EP in unit} = \frac{\text{F.E} + \text{Profit①}}{\text{CM in unit}}$$

$$= \frac{\$150,000 + \$18,000}{\$12}$$

$$= 14000 \text{ unit}$$

Secondly, profit② = 19,500

$$\text{B.EP in unit} = \frac{\$150,000 + \$19500}{\$12}$$

$$= 14,125 \text{ unit}.$$

Figure No.....

Req ⑥: MOS in amount = Actual sales − BEP in unit

= $600,000 − $12,500

= $587500

MOS in percentage = MOS / sales

$$= \frac{\$587500}{600,000} \times 100\%$$

= 97.917%.