Gage university college

cost and management accounting

Assignment 1:

The books of Abay manufacturing company present the following data for the month of April 20x9:

Direct labour cost $17,500 being 175% of works overheads.

Cost of goods sold excluding administrative expense $56,000

Inventory accounts showed the following opening and closing balances

|  |  |  |
| --- | --- | --- |
|  | April 1($) | April 30($) |
| Raw materials | 8,000 | 10,600 |
| Work –in-progress | 10,500 | 14,500 |
| Finished goods | 17,600 | 19,000 |
| Other data are | | ($) |
| Selling expenses | | 3,500 |
| General and administration expenses | | 2,500 |
| Sales for the month | | 75,000 |

**Required**

1. Compute the value of materials purchased. (10%)
2. Prepare a cost statement showing the various elements of cost and also the profit earned. (15%)