

TASK 13.2 

Ralley Bike Manufacturers: Production Cost Statement

**13.2.1 NAME OF MANUFACTURER: RALLEY BIKE MANUFACTURERS
PRODUCTION COST STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 20.8**

	Note	
Direct / Prime costs		
Direct material costs	1	
Direct labour costs	2	
Factory overhead costs	3	
Total manufacturing costs		
Work-in-process at beginning of the year		
Work-in-process at end of the year		
Cost of production of finished goods		

13.2.2 NOTES TO THE FINANCIAL STATEMENTS

1. Direct material costs	
Opening stock	
Net purchases	
Carriage on purchases	
Closing stock	
Direct material cost	
*Balancing figure	
2. Direct labour costs	
Factory wages	
Direct labour cost	
3. Factory overhead costs	
Consumable stores	
Salaries and wages/indirect labour	
Depreciation	
Rent	
Electricity	

Sundry expenses	
Factory overhead costs	
4. Selling and distribution costs	
Depreciation	
Rent	
Electricity	
Sundry expenses	
Commission	
Selling and distribution costs	

5. Administration costs	
Salaries & wages	
Depreciation	
Rent	
Electricity	
Sundry expenses	
Administration costs	

TASK 13.3  **Kwa-Mabula Manufacturers: Production Cost Statement, Income Statement**

**13.3.1 NAME OF MANUFACTURER: KWA-MABULA MANUFACTURERS
PRODUCTION COST STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 20.8**

	Note	
Direct / Prime costs		
Direct material costs	1	
Direct labour costs	2	
Factory overhead costs	3	
Total manufacturing costs		
Work-in-process at beginning of the year		
Work-in-process at end of the year ^[2]		
Cost of production of finished goods^[1]		

^[1] Refer to the finished goods stock note below to get this figure.

^[2] Work-in-process is the balancing figure.

INCOME STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 20.8

	Note	
Sales		
Cost of finished goods sold / Cost of sales	6	
Gross profit		
Other costs		
Administration costs	4	
Selling & distribution costs	5	
Net profit		

13.3.3 NOTES TO THE FINANCIAL STATEMENTS

1. Direct material costs	
Opening stock	
Net purchases	
Carriage on purchases	
Closing stock	
Direct material cost	
2. Direct labour costs	
Factory wages	
Direct labour cost	

3. Factory overhead costs	
Consumables stores	
Salaries and wages (indirect labour)	
Depreciation	
Rent	
Electricity	
Sundry expenses	
Factory overhead costs	
4. Selling and distribution costs	
Depreciation – sales vehicles	
Rent	
Electricity	
Sales vehicle running expenses	
Sundry expenses	
Commission	
Selling and distribution costs	

5. Administration costs	
Salaries	
Depreciation – office equipment	
Rent	
Electricity	
Sundry expenses	
Administration costs	
6. Cost of finished goods sold / Finished Goods	
Opening stock of finished goods	
Cost of finished goods produced during the year	
Closing stock of finished goods	
Cost of finished goods sold / Cost of sales	

Note:

Procedure to complete the Finished goods note:

- The opening balance of R70 000 was given.
- The closing balance of R80 000 was given.
- The cost of sales can be calculated as you have the sales figure and the mark-up:
 $3\,600\,000 \times \frac{100}{150} = R2\,400\,000$
- The cost of finished goods produced becomes the balancing figure.