

**TASK 13.5** **Vilakazi Shoe Factory: Production Cost Statement,  
Income Statement, Calculations****13.5.1 NAME OF MANUFACTURER: VILAKAZI SHOE FACTORY****PRODUCTION COST STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 20.8**

	<b>Note</b>	
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		
<b>Cost of production of finished goods</b>		

**13.5.2 INCOME STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 20.8**

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

**NOTES TO THE FINANCIAL STATEMENTS**

<b>1. Direct material costs</b>	
Opening stock	
Net purchases	
Carriage on purchases	
Closing stock (balancing figure)	
<b>Direct material cost</b>	
<b>2. Direct labour costs</b>	
Factory wages	
<b>Direct labour cost</b>	
<b>3. Factory overhead costs</b>	
Consumable stores	
Indirect labour	
Salary: Foreman	
Depreciation	
Maintenance	
Insurance	
Rent	
<b>Factory overhead costs</b>	
<b>4. Selling and distribution costs</b>	
Salaries	
Depreciation	
Bad debts	
Commission on sales	
Consumable stores	
<b>Selling and distribution costs</b>	

<b>5. Administration costs</b>	
Salaries	
Depreciation	
Insurance: Administration offices	
Sundry administration expenses	
Rent	
Consumable stores	
<b>Administration costs</b>	
<b>6. Cost of finished goods sold / Finished Goods</b>	
Opening stock of finished goods	
Cost of finished goods produced during the year	
Closing stock of finished goods	
<b>Cost of finished goods sold</b> ( $1\ 080\ 000 \times \frac{100}{150}$ )	

<b>13.5.3</b>	<b>Calculate the unit cost of producing the shoes.</b>
932 950 ÷ 23 324 = R40	
<b>13.5.4</b>	<b>Calculate how many shoes were sold.</b>
40 + 50% = R60	
1 080 000 ÷ R60 = 18 000 pairs	