



Department of Education, Sabaragamuwa/weekly school

week- March 3

Subject-Accounting

Grade-13

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Competency 14.0 – Evaluation of Basic Concepts of Management Accounting.

Competency Level 14.6 –Absorbs overhead cost to a production.

Prepare a overhead analysis sheet, according to accrual basis (all values are in Rupees)

Machine depreciation 40 000

Indirect materials division A - 50 000 B - 40 000

Indirect wages division B - 100 000 B - 60 000

Insurance 10 000

Factory rent 20 000

Supervisory Salary 30 000

Electricity 5 000

Basis of Apportionment	A	B	Service
Machine cost (Rs.)	200 000	100 000	50 000
Area (sq.mt)	300	100	100
No. of employees	50	40	10
Electricity consumed (units)	30	20	10
Value of insurance policy	300 000	100 000	100 000

Service department overhead costs are equally distributed among production departments

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(6) Following cost are related to one unit of torch.

Direct material Rs. 900

Direct labour Rs. 400

(Rs.'000)

	Finishing	Assemble	Stores
Total overhead cost	875 500	414 500	210 000
Material requisition notes	700	500	-
Expected machine hours	25 000	30 000	-
Expected labour hours	10 000	20 000	-

Overhead costs of finishing and assembly departments are absorbed according to machine hours and labour hours respectively.

Calculate unit cost of a torch.



