



Subject-Accounting

Grade-13

Prepared by -  
Zonal Education Office, Rathnapura.

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

Service department overhead costs are equally distributed among production departments

(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.



