**Question 29**

Glengate Textiles produces fabric. The fabric is made in two processes, Spinning and Weaving. The following costs relate to the month of May.

|  |  |  |  |
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|  | **Materials** | **Labour** | **Direct Expenses** |
| **Spinning** | 1,200 kg @ £5 per kg | £3,600 | £2,450 |
| **Weaving** | 1,320 kg @ £5 per kg | £3,600 | £1,440 |

* Indirect expenses of £2,100 are allocated 2/3 to Spinning and 1/3 to Weaving.
* The Spinning process results in a normal loss of 11% of input — 3 kg of this is waste. The remainder can be sold as scrap for £1 per kg.

1. Using the figures above **prepare** the Spinning Process Account for May, clearly   
   showing the cost per kg of good output. **7**
2. At the end of the Weaving process in June, good output was 2,400 kg at a total cost  
   of £31,200.
3. **Calculate** the cost per kg of the fabric. **1**
4. **Calculate** the number of lengths produced, if each length of fabric weighs 1.5 kg. **1**
5. **Calculate** the selling price of each length of fabric, if the firm adds a 60% mark up  
    to the cost. **3**

**Total marks (12)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **(a) Spinning Process Account** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | **Dr** |  |  | | |  | **Cr** | |  | |  | |  | | |  | | | **Balance** | | | | |  | | |  | | | |
|  | **kg** | **CPU** | **Value** | | |  | **kg** | |  | | **CPU** | | **Value** | | |  | **kg** | | | | **CPU** | | | | **Value** | | | | |
| Materials | 1,200 | £5.00 | £6,000 | | | **(1)** |  | |  | |  | |  | | |  | 1,200 | | | | | £5.00 | | | £6,000 | | | | |
| Direct Labour |  |  | £3,600 | | |  |  | |  | |  | |  | | |  |  | | | | |  | | | £9,600 | | | | |
| Direct Expenses |  |  | £2,450 | | | **(1)** |  | |  | |  | |  | | |  |  | | | | |  | | | £12,050 | | | | |
| Indirect Expenses |  |  | £1,400 | | | **(1)** |  | |  | |  | |  | | |  |  | | | | |  | | | £13,450 | | | | |
| Scrap |  |  |  | | |  | 100 | |  | | £1·00 | | £100 | | | **(1)** | 1,100 | | | | |  | | | £13,350 | | | | |
| Waste |  |  |  | | |  | 32 | |  | | £0·00 | | £0·00 | | | **(1)** | 1,068 | | | | | £12·50 | | | £13,350 | | | | |
| Transfer to Weaving | |  |  | | |  | 1,068 | |  | | £12·50\***(2)** | | £13,350 | | |  | 0 | | | | | £0·00 | | | £0 | | | | |
| **\* Working** |  |  | |  |  | | |  | |  | |  | |  |  | | |  | |  | | |  | | |  | |  |  | | |  |  | **7** |  | | |
| Cost per unit | 13,350 | | |  |  | | |  | |  | |  | |  |  | | |  | |  | | |  | | |  | |  |  | | |  |  |  | |  | |
|  | 1,068 | | | £12·50 | | | |  | |  | |  | |  |  | | |  | |  | | |  | | |  | |  |  | | |  |  |  | |  | |
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| 1. **(i)** | **Cost per kg** | | |  |  | |  | |  |  | | | |
|  |  | | |  |  | |  | |  |  | | | |
|  | £31,200 | | |  |  | |  | |  |  | | | |
|  | 2,400kg | | | *=* |  | | **£13** | | **(1)** | **1** | | | | | | | |
|  |  | | |  |  | |  | |  |  | | | |
| **(ii)** | **No. of lengths produced** | | | | |  | |  | | |  |  |  | |  |  |
|  | 2,400  1·5kg | | | | | = | | **1,600** lengths | | | **(1)** |  |  | |  | **1** | |
|  |  | |  | | |  | |  | | |  |  |  | |  |  |
| **(iii)** | 160 | x | £ **13** | | |  | |  | | |  | **OR** | 1·5 x £13 | | £19·50 | **(1)** |
|  | 100 | = | | £20·80 | | | **(1)** |  |  | |  |  |
|  |  | |  | | |  | |  | | |  |  | Add 60% | | £11·70 | **(1)** |
|  | Each length sells for | | | | | £20·80 + | | £20·80/2 | | | **(1)** |  |  | | **£31.20** | **(1)** |
|  |  | |  | | |  | |  | | |  |  |  | |  |  |
|  |  | |  | | | **£31·20** | | **(1)** | | |  |  |  | |  |  | **3** |

**Total marks (12)**