Candidate 1 evidence

ENTER NUMBER OF QUESTION   DO NOT WRITE IN THIS MARGIN

Inventory Record Card for Material K

3a) i) Date	Details	Receipts			Issues			Balance		
31-Jan		Qty	CPU	£	Qty	CPU	£	Qty	CPU	£
01-Jan	Opening							300	7.40	2160
03-Jan	Purchase	200	7.25	1450				500	7.16	3550
06-Jan	Issue				300	7.10	2130	200	7.16	1420
11-Jan	Purchase	200	7.50	1500				400	7.30	2920
16-Jan	Issue				250	7.30	1825	150	7.30	1095
25-Jan	Return				100	7.50	750	50	6.90	345

ii) It is quick, simple and easy to use and allows for an overview of the month to be taken from a glance.

It only covers the span of a month typically and doesn't show anything that is going on in the business other than stock levels and values.

b) i) Process 3 Account

Details	Input			Output			Balance		
	Qty	CPU	£	Qty	CPU	£	Qty	CPU	£
Process 2	1000	£10.00	10000				1000	£10.00	10000
Material Y	2000	£6.00	12000				3000		22000
Labour			5000				3000		27000
Fixed O			2700				3000		29700
Variable O			2000				3000		31700
Normal Loss				150	£5.00	750	2850		30950
Closing WIP				600		7550	2250	£10.40	23400
Transfer				2200	£10.40	22880	50	£10.40	520
Abnormal Loss				50	£10.40	520	0	£0.00	0

ENTER NUMBER OF QUESTION											DO NOT WRITE IN THIS MARGIN

Abnormal Loss Account

bii) Details	Input			Output			Balance			
	Qty	CPU	£	Qty	CPU	£	Qty	CPU	£	
Process 3	50	£10·40	520				50	£10·40	520	
Cash & Cash equiv				50	65·00	250	0		270	
Income Statement						270	0	0·00	0	

Candidate 2 evidence

QUESTION 3

Inventory record card for Material K in January

AVCO		Input			Output			Balance		
Date	Details	Units	CPU	Total	Units	CPU	Total	Units	CPU	Total
01-Jan	Balance							300	7	2100
03-Jan	Purchases	200	7.25	1450				500	7.1	3550
06-Jan	Receipts				300	7.1	2130	200	7.1	1420
11-Jan	Purchases	200	7.5	1500				400	7.3	2920
16-Jan	Receipts				250	7.3	1825	150	7.3	1095
25-Jan	Returns				100	7.5	750	50	6.9	345

A)ii)	One advantage to using AVCO is that its easy to calculate, One disadvantage to using AVCO is that the average CPU calculated could mean you don't get paid what the material is worth.

Process account for Process 3 in January

Process 3	Input			Output			Balance			
Details	Units	CPU	Total	Units	CPU	Total	Units	CPU	Total	
From Process 2	1000	10	10000				1000	10	10000	
Material Y	2000	6	12000				3000	7.3	22000	
Labour			5000				3000	9.0	27000	
Fixed overheads			2700				3000	9.9	29700	
Variable overheads			2000				3000	10.6	31700	
Closing WIP				600		7550	2400	10.1	24150	
Normal loss				120	5	600	2280	10.3	23550	
Transfer to stores				2200			80			
Abnormal loss				80	5	400				

Abnormal loss account for Process 3 in January

Process 3	Input			Output			Balance			
Details	Units	CPU	Total	Units	CPU	Total	Units	CPU	Total	
From Process 3	80	5	400				80	5	400	