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ANSWERS THESE QUESTIONS.

Q1. What is Inventory?

Ans. INVENTORY:

Inventory often called merchandise, refers to goods and materials that are used in business for sale to customers in the future is called inventory . These goods and materials serve no other purpose in the business but to be sold to customers for a profit. But just because an asset is for sale doesn't mean that it is considered inventory. First the assets must be part of the business, second these assets must be available for sale and third only sold to customers. These are inventory materials.

Q2. What is the difference between planning and controlling?

Ans. PLANNING:

Planning is the primary function of all businesses. It is the first step to startup business and know that how to work in your business with best plans that when to do, how, where, and when the plans should be performed it reduces the risks in business we have strategic plannings in the business we have strategies for every situation and can handle it easily with best plannings

2. CONTROLLING:

Controlling is the best goal and responsibilities of all management in any organization. It is used to compare factual performances with standard one to make sure that all the activities are according to planning and undercontrolled . It helps organizations to achieve its goals and places order and discipline. The correctness of future plannings and reduce all the risks.

Q3. What is the difference between estimated factory overhead and applied factory overhead?

Ans. Estimated Factory Overhead:

Estimated factory overhead are these costs which are assigned at the beginning of project or manufacturing of goods and used to predetermined overhead rates.

2.Actual factory Overhead:

Actual factory overhead are those costs or expenses which are indirectly related to the manufacturing of goods. These include rent,property tax. Etc etc

3.Applied Factory Overhead:

Applied overhead are these cost, which is applied at the end of manufacturing goods. It means that the cost applied to the finished goods.

Q4. The accounting department of Ruthven company provides the following data?.....

Ans.4

Ruthven Company	
Cost of goods sold statement	
Month, ended, may	
: Material	
Beginning Material	\$8000
Purchase	\$36000
Material available for use	\$44000
Ending material consumed	(\$8000)
Total material consumed	\$36000

: Direct labor	\$5000
3: Factory overhead, $\frac{2}{3}$ of direct labor	\$10000
Total manufacturing cost	\$61000
: Work in process	
Beginning work in process	\$8000
Ending work in process	<u>(\$15000)</u>
Cost of goods manufactured	\$54000
: Finished goods	
Beginning finished goods	\$7000
Ending finished goods	(\$10200)
Cost of goods sold	\$50800

Part 2:

Income statement Month ended, May

Sales	\$ 72000
C.G.S	(\$50800)
❖ Gross profit	\$ 21200
Marketing expense	(\$ 3600)
Administrative expense	(\$ 720)
Other expense	(\$ 3600)

Net income

\$ 13280

Marketing expense =5% of sales

$$\frac{5}{100} \times 72000$$

$$= \$3600$$

Administrative expense 1% of Sales

$$\frac{1}{100} \times 72000$$

$$= \$ 720$$