Singh Ltd manufactures \$4 respectively. The ma different quality of raw m	nufacturing pro				
Expected trading results	for the six mo	nths ending 3°	1 May 2010 ar	e as follows:	
	Athol \$	Brose \$	Crowdie \$	Total \$	
Sales	<u>120 000</u>	<u>91 000</u>	<u>88 000</u>	<u>299 000</u>	
Variable costs					
Direct materials Direct labour	48 000	52 000	27 500	127 500	
(paid at \$4 per hour)	20 000	13 000	22 000	55 000	
Variable overheads	<u>40 000</u> <u>108 000</u>	39 000 104 000	<u>11 000</u> <u>60 500</u>	90 000 272 500	
Fixed costs				20 000 292 500	
Estimated profit				6 500	
REQUIRED					
(a) Calculate the estim product, and in total		of direct labou	ur hours need	led to manufacture e	ea
					•••
(b) Calculate the estime Crowdie.	ated contribut	ion per direc	t labour hou	r for products Athol	1

(c)	Calculate the number of units of each of the three products produced per direct labour hour.
	[9]
Mar	nagement has decided to cease production of Brose with effect from 1 June 2010.
RE	QUIRED
(d)	State why management has decided to take this action.
	[1]

The	demand for the remaining products is expected to be:					
	Athol 60 000 units; Crowdie 32 000 units.					
Mar	nagement has undertaken to continue production as follows:					
(i)	switch the labour force from Brose to Athol and Crowdie: additional labour may also be required;					
(ii)	the rate per hour for direct labour will be increased to \$4.10 per hour;					
(iii)	selling prices per unit of Athol and Crowdie will be unchanged;					
(iv)	direct material costs per unit will be unchanged;					
(v)	the ratio of variable overheads to selling price for each product will be unchanged;					
(vi)	fixed costs will increase by 10 %.					
	REQUIRED					
(e)	the information above to prepare an estimated profit statement for the six months ending 30 November 2010. Follow the layout used at the beginning of the question.					