

- 3 Tellwright Limited started trading on 1 January 2015. It produced two products, the Mynor and the Hanbridge. After three months of trading the following information was available.

	Mynor	Hanbridge
Units produced	800	600
Units sold	700	400
Direct materials per unit	2 kilos at \$6 per kilo	3 kilos at \$5 per kilo
Direct labour per unit	4 hours at \$9 per hour	4.5 hours at \$10 per hour
Selling price per unit	\$90	\$120

REQUIRED

- (a) Complete the following table to show the **total** direct cost incurred for **each** product in the three month period ended 31 March 2015.

	Mynor \$	Hanbridge \$
Direct materials		
Direct labour		
Total		

[4]

Additional information

In addition to the two production departments there was also a sales and administration department.

Data relating to the three departments were as follows.

	Mynor	Hanbridge	Sales and administration
Floor area (square metres)	2 500	2 000	500
Power usage (kilowatt hour)	12 000	15 000	3 000
Non-current assets (cost at start of trading)	\$9 000	\$8 000	\$3 000

Following information is also available.

- 1 The factory supervisor is paid \$23 600 a year. His time is spent in proportion to the direct labour hours worked in each production department.
- 2 The lease specifies that the rent is \$50 000 a year.
- 3 The invoice for power used in the first three months of trading amounted to \$6000.
- 4 Depreciation is charged at a rate of 20% per annum on cost.
- 5 Sales and administration costs amounted to \$13 550 for the three months. These are regarded as fixed costs by the business.
- 6 No inventory of raw materials is kept.
- 7 Inventory of finished goods is valued on the basis of absorption cost.

[6]

[7]