

- 3 Ventana Ltd produce three different types of slatted wooden blinds, Pine, Teak and Oak. The company's forecast figures for the year ended 30 April 2012 were:

	Pine \$	Teak \$	Oak \$
Selling price (per unit)	61	158	170
Costs (per unit)			
Direct material	30	60	80
Direct labour	15	46	24
Variable overhead	6	12	16

Fixed overhead is absorbed on the basis of 50% of direct material cost.

Annual production and sales are forecast to be:

Pine	2000 units
Teak	1600 units
Oak	1000 units

REQUIRED

- (a) For the year ended 30 April 2012:

- (i) Prepare a statement to show the contribution per unit for **each** product.

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- (ii) Calculate the total forecast fixed cost for the year.

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This would increase the total forecast fixed costs by 25%. However, the director estimates that sales of the teak and the oak blinds would increase by 50%.

(c) Prepare a detailed marginal cost statement, using the contribution per unit, to show the effect on total profit of stopping production of the pine blinds.

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