3 Mandar Limited manufactures components for the agricultural industry. The following budgeted information is available for the year ended 30 April 2009.

		\$	\$
Direct materials			2 300 000
Direct labour:			
Cutting department	(76 000 hours)	501 600	
Pressing department	(72 000 hours)	450 000	
Production department	(104 000 hours)	702 000	
Assembly department	(44 000 hours)	264 000	
• •			1 917 600
Prime cost			4 217 600
Factory overheads:			
Cutting department		364 800	
Pressing department		439 200	
Production department		509 600	
Assembly department		233 200	
			1 546 800
Cost of production			5 764 400
Administration costs			1 152 880
Total costs			6 917 280

Additional information

- 1 Factory overheads are absorbed by departmental direct labour hours.
- 2 Administration costs are absorbed as a percentage of the cost of production.

REQUIRED

Cal	culate the following for each department.
(i)	The budgeted direct labour cost per hour.

(ii)	The budgeted factory overhead absorption	rate per direct labour hou	ır.
			[4]
Mandar I	imited has received a request for some com	nponents, Job Number S	MC20.
The follo	wing direct costs have been estimated.		
	Direct materials	\$	\$ 140 156
L	Direct labour: Cutting department Pressing department Production department Assembly department	13 200 9 000 16 200 6 000	
F	Prime cost		44 400 184 556

The direct labour costs are based on budgeted hourly rates.

REQUIRED

(b)	Prepare a detailed statement showing the total cost of Job Number SMC20.
	[12]
(c)	The selling price of Mandar Limited's components is cost plus 25%.
	Calculate the selling price of Job Number SMC20.
	[3]

(d)	Explain why Mandar Limited absorbs its overheads using direct labour hours.
	[5]
(e)	State two alternative methods the business could use to absorb their overheads.
	1
	2
	[2]
	[Total 30]