

- 3 Newstead Furniture Ltd produces **three** types of wooden bench – single-seat, two-seat and three-seat. These are manufactured in two departments, Assembly and Finishing. There are also two service departments, Canteen and Maintenance.

Estimated data for the year ended 31 December 2007 is as follows:

	Single-seat	Two-seat	Three-seat
	\$	\$	\$
Unit selling price	80	100	120
Unit production costs			
Direct materials	18	25	28
Direct labour – Assembly	20	13	14
Direct labour – Finishing	3	4	5
Estimated production in units	12 000	10 000	5 000
Machine hours per unit	2	3	4

Estimated overheads for the year ending 31 December 2007 are as follows:

	Assembly	Finishing	Maintenance	Canteen	Total
	\$	\$	\$	\$	\$
Space costs					55 000
Depreciation of Equipment					120 000
Allocated Overheads	28 100	30 200	9 400	11 000	<u>78 700</u>
					<u>253 700</u>

Additional information:

Floor area (square metres)	3 000	3 800	2 000	2 200
Number of employees	10	9	6	5
Cost of equipment	\$175 000	\$200 000	\$100 000	\$125 000

(a) the table below to prepare an overhead analysis sheet for the year ending 31 December 2007 detailing overheads for the Assembly and Finishing departments. Canteen costs are shared amongst all other departments on the basis of the number of employees. Maintenance costs are shared between the Assembly and Finishing departments on the basis of 60 % Assembly and 40 % Finishing.

[17]

- (i) Assembly department

[3]

(ii) Finishing department

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(c) State the reason for using different methods of calculating the overhead recovery rate in (b).

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(d) Calculate, to **two** decimal places, the total cost of **one** two-seat bench.

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