

3 ABG Ltd manufactures three products, Alpha, Beta and Gamma, all of which are made from one basic raw material.

ecast costs and selling prices are as follows.

Product	Alpha	Beta	Gamma
Sales <b>per month</b> (units)	9 000	12 000	7 000
	\$	\$	\$
Selling price per unit	72	74	58
Variable costs per unit:			
Direct material	18	25	16
Direct labour	19	14	13
Variable overheads	14	13	12

The total fixed costs are \$250 000 each month.

**REQUIRED**

(a) Calculate the contribution per unit for **each** product.

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- (b)** Calculate the total monthly profit which can be achieved.

[illegible]

[5]

Due to a material shortage, ABG Ltd will only receive 80% of its material requirement for the month of April 2013. No other shortages are expected.

## REQUIRED

- (c) Using the quantity of material that is available, prepare a statement to show the maximum profit that could be achieved for the three months ended 30 April 2013.

[illegible]

[12]

- (d) ABG Ltd has received an enquiry for an additional order of 3000 units of Gamma at a special price of \$50 per unit. Additional fixed costs of \$15 000 would be incurred.

Assuming no material shortage, calculate the profit or loss on this order.

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[4]

- (e) Identify **three** factors which ABG Ltd should consider when deciding whether to accept this additional order for Gamma.

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