

- 3 Bazeri Limited manufactures a range of components and the directors provide the following forecast information for the year ended 31 December 2014.

Direct material	125 000 kilos @ \$2.48 per kilo
Direct labour – Department A	32 000 hours @ \$10.00 per hour
Direct labour – Department B	20 000 hours @ \$9.00 per hour
Production overhead – Department A	\$520 000
Production overhead – Department B	\$480 000
Administration overhead	\$405 000
Profit margin	20%

REQUIRED

- (a) Calculate the forecast profit for Bazeri Limited for the year ended 31 December 2014.

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Additional information:

Production overheads are to be recovered for both departments A and B on the basis of direct labour hours.

Administration overheads are to be recovered as a percentage of direct production costs.

REQUIRED

(b) Calculate the following forecast overhead absorption rates:

(i) Production overhead – Department A

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(ii) Production overhead – Department B

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(iii) Administration overhead

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Direct material 5625 kilos
Direct labour – Department A 1500 hours
Direct labour – Department B 1200 hours

(c) Calculate the total costs of job J316.

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