The		ynder and Park plan to manufacture a new product for use in the underwater construction lustry. This product will be sold for \$34.00 per unit.							
	The following are the unit costs of the product:								
	ct Materials 1 waterproof col Chemical P 3 ki Chemical Q 4 ki	lograms at \$	•	•					
Dire	ect labour 15 minutes at \$8 per hour iable factory overhead Absorbed at \$14.00 per direct labour hour.								
Fixe	ed factory overhead \$3040 for the 6 months ended 30 June 2011. To be absorbed at a rate per unit.								
Ехр	ected production	and sales fo	or the 6 mon	ths ended 3	30 June 201	1 are:			
	luction (units) s (units)	January 50 40	February 50 45	March 60 60	April 60 70	May 80 75	June 80 75		
Addi	tional costs will	be:							
	Sales commissi Fixed administra	•		\$ 2500 per an	1.00 num				
REC	UIRED								
(a)	Prepare a detailed forecast income statement (profit and loss account) for the six months ended 30 June 2011, using marginal costing. Write your answer on the next page.								
	You may use the								

ended 30 June 2011, using marginal costing.

Forecast income statement (profit and loss account) for the six months

REQUIRED

(b)	Prepare a detailed forecast income statement (profit and loss account) for the six months ended 30 June 2011, using absorption costing.				
	[10]				

(c)	Prepare a statement to reconcile the profit in (a) with the profit in (b).
	[4]