

3 Tattersall Ltd manufactures a single product. They have two production and two service departments.

	Production Departments		Service Departments	
	Machining	Assembly	Maintenance	Canteen
Overheads	\$143 500	\$154 700	\$165 800	\$176 900
Direct machine hours	18 845	14 050	—	—
Direct labour hours	6 065	20 350	—	—

The service departments' overheads are apportioned to the production departments on the following basis:

	Machining	Assembly	Canteen
Maintenance	60%	30%	10%
Canteen	40%	60%	–

REQUIRED

- (a)** Prepare an overhead absorption apportionment table clearly showing the reapportionment of the service departments' overheads to the appropriate departments for one period.

[8]

(b) Calculate the overhead absorption rate for **each** production department.

State the bases used.

Show your answer to **two** decimal places.

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The manager of Tattersall Ltd calculates selling price per unit based on full cost plus a 25% mark-up.

The costs per unit are:

Materials	3 metres at \$4 per metre
Labour	7 hours at \$8 per hour

Each unit takes 3 hours in the machining department and 4 hours in the assembly department.
All overheads are fixed.

REQUIRED

(c) Calculate the full cost per unit.

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(d) Calculate the selling price per unit.

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(e) Calculate the number of units Tattersall Limited has to produce and sell in each period to break-even.

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(f) State **two** limitations of break-even analysis.

(i)

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(ii)

..... [2]

[Total 30]