

Question 9 - solution

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(a)

	<u>Sales Budget</u>	
	<u>Roadstar</u>	<u>Climber</u>
Budgeted quantities	800	500
Budgeted selling price	€220	€290
Budgeted Sales Value	€176,000 ⑦	€145,000 ⑦

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(b)

	<u>Production Budget</u>	
	<u>Roadstar</u>	<u>Climber</u>
Budgeted sales	800	500
Add budgeted closing stock	<u>220</u>	<u>180</u>
	1,020	680
Less budgeted opening stock	<u>(240)</u>	<u>(110)</u>
Budgeted Production in units	780 ⑧	570 ⑧

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(c)

	<u>Materials Usage Budget</u>	
	<u>Material A</u>	<u>Material B</u>
Roadstar	(780 x 6 kg) 4,680 kg	6,240 kg (780 x 8 kg)
Climber	(570 x 4 kg) <u>2,280</u> kg	<u>2,850</u> kg (570 x 5 kg)
Budgeted material usage	6,960 kg ③	9,090 kg ③

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(d)

	<u>Material Purchases Budget</u>	
	<u>Material A</u>	<u>Material B</u>
Budgeted Material Usage in kg's	6,960 ①	9,090 ①
Add Budgeted Closing stock	<u>470</u> ③	<u>640</u> ③
	7,430	9,730
Less Budgeted Opening stock	<u>(400)</u> ③	<u>(560)</u> ③
Material Purchases Budget in kg's	7,030	9,170
Budgeted Purchase price per kg	<u>€12</u> ①	<u>€15</u> ①
	€84,360 ②	€137,550 ②
		€221,910

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(e)

	<u>Labour Budget</u>	
Roadstar (Production x Labour hrs per unit) (780 units x 8 hrs)		6,240 ④
Climber (Production x Labour hrs per unit) (570 units x 11 hrs)		<u>6,270</u> ④
Budgeted direct labour hours		12,510
Labour rate per hour		€14 ②
Direct labour budget in €'s		€175,140 ④