

B150/3 - DIP. IN MOTOR IND. MANMAGMENT - QUESTION PACK:

1. Budgeted Manufacturing Costs.

The Bridget Company had budgeted sales for 100,000 units of its products for 19-1. Expected unit costs based on past experience, should be £60 for three materials. £40 for direct labour and £30 for manufacturing overhead. Assume no beginning or ending inventory in process. Bridget begins the year with 40,000 finished units on hand but budgets the ending finished goods inventory at only 10,000 units. Compare the budgeted costs of production for 19-1.

2. Atwood Products Ltd. has budgeted sales for the next four months as follows:

	Sales in Units
April	50,000
May	75,000
June	90,000
July	80,000

The company is now in the process of preparing a production budget for the second quarter. Past experience has shown that end of month inventory levels must equal 15 percent of the following month's sales. The inventory at the end of March was 7,500 units.

Required:

How many units must be produced during each month of the second quarter, and the quarter in total?