**Question 16**

Thatchers is a textile firm that has 3 production departments: Cutting, Machining and Finishing. The estimated overheads for next year are:

Supervision £28,800

Rent and rates £7,680

Heat and light £6,400

Power £18,960

Depreciation of machinery £6,000

Information relating to the cost centres is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Cutting** | **Machining** | **Finishing** | **TOTAL** |
| Power | £6,150 | £10,216 | £2,594 | £18,960 |
| Number of Employees | 36 | 108 | 36 | 180 |
| Floor Area (sq m) | 19,200 | 24,000 | 20,800 | 64,000 |
| Value of Machinery | £75,000 | £100,000 | £25,000 | £200,000 |
| Machine Hours | 800 | 1,600 | 4,000 | 6,400 |

You are required to:

Complete the worksheet provided to calculate the total estimated overheads for each cost centre.

**10**

|  |  |  |  |
| --- | --- | --- | --- |
| **Question** | **Expected answer(s)** | **Mark** | **Additional guidance** |
| **16** | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Overhead** | **Basis of Apportionment** | **Total** | **CUTTING** | **MACHINING** | **FINISHING** |  | |  |  | **£** | **£** | **£** | **£** |  | | Supervision | Employees | £28,800 | £5,760 **(1)** | £17,280 | £5,760 | **(1)** | | Rent and Rates | Area | £7,680 | £2,304 **(1)** | £2,880 | £2,496 | **(1)** | | Heat and Light | Area | £6,400 | £1,920 **(1)** | £2,400 | £2,080 | **(1)** | | Power | Allocated | £18,960 | £6,150 (1) | £10,216 | £2,594 | **(1) for line** | | Depreciation of Machinery | Value | £6,000 | £2,250 **(1)** | £3,000 | £750 | **(1)** | | **Total Department Overheads** |  |  | **£18,384** | **£35,776** | **£13,680** | **(1) for line** | | **10** | If the basis of apportionment is wrong, do not give the first mark for cutting department but treat machining and finishing as consequential. |

**Worksheet for question 16**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Overhead** | **Basis of Apportionment** | **Total** | **CUTTING** | **MACHINING** | **FINISHING** |
|  |  | **£** | **£** | **£** | **£** |
| Supervision |  |  |  |  |  |
| Rent and Rates |  |  |  |  |  |
| Heat and Light |  |  |  |  |  |
| Power |  |  |  |  |  |
| Depreciation of Machinery |  |  |  |  |  |
| **Total Department Overheads** |  |  |  |  |  |