

**Task 8**

A company manufactures two products, the Chef and the Field, both using the same material and the same grade of direct labour. The information below relates to the next reporting period.

Per Unit	Chef £	Field £
Direct materials at £6 per kg	12	18
Direct labour at £15 per hour	30	15
Variable overheads	4	2
Fixed production overheads	4	6
Selling price	70	65

The sales demand is for 10,000 Chefs and 15,000 Fields.

It is now discovered that materials will be limited to 50,000 kg and labour to 35,000 hours.

(a) Complete the table below for the next period, calculating the optimal production.

	Chef	Field
Total direct materials required (kg)		
Total direct labour required (hours)		
Contribution per unit £	24	30
Contribution per limiting factor £ (to 2 d.p.)		
Optimal production (units)		

(b) State the maximum additional amount that should be paid for each of the following resources if they were available:

	£
15,000 kg of additional material	
5,000 hours of additional labour	