

REDACTIVE CHEMICALS

Redactive Chemicals is a manufacturer of products which are used for various processes. One of their products, **R400**, requires a very extensive process. Each unit of R400 is a package that is sold for \$100.00 per unit (1 unit = 1 package). Redactive has developed the following standards for each unit.

	Standard Quantity	Standard Price or Rate	Standard Cost
Direct materials	2.5 Kilograms	\$20.00 per Kilogram	\$50.00 per unit
Direct labour	1.4 Hours	\$12.50 per hour	\$17.50 per unit
			<u>\$67.50 per unit</u>

The following represents actual results for the month of July

Actual Information for July

Materials purchased	12,000 Kilograms
Cost of materials purchased	\$225,000.00
Beginning inventory of DM	- Kilograms
Ending inventory of DM	2,500 Kilograms
Average hours/employee	160 hours
Number of employees	35 employees
Average wage/employee	\$ 12.00 per hour
Number of good units produced	3,750 units (packages)

