

1. Direct material cost = Wool + Buttons  
= R60 000 + 10 000  
= R70 000
2. Direct labour cost = Wages paid to knitting machine operators  
= R20 000
3. Prime cost = Direct material cost + Direct labour cost  
= R70 000 + 20 000  
= R90 000
4. Factory overheads  
= Wages paid to cleaner + Rent of machines + General  
= R4 000 + 30 000 + 36 000  
= R70 000
5. Total manufacturing cost = Prime cost + Factory overheads  
= R90 000 + 70 000  
= R160 000
6. Unit cost of a jersey =  $\frac{\text{Total manufacturing cost}}{\text{Total number of units produced}}$   
=  $\frac{\text{R160 000}}{4\ 000}$   
= R40
7. Selling price of a jersey = Cost price + Profit mark-up  
= R40 + (R40 × 75%)  
= R40 + 30  
= R70