

22 Which item is a direct cost?

- A** carriage inwards on production materials
- B** cleaning materials for the factory
- C** factory rent
- D** wages of the factory manager

23 A business has the following information available.

selling price per unit	\$35
direct labour per unit	\$9
direct material per unit	\$6
budgeted sales	8000 units
margin of safety	2000 units

What is the value of fixed costs?

- A** \$40 000 **B** \$120 000 **C** \$160 000 **D** \$200 000

24 A company has allocated its costs between different departments as shown.

details	production department 1	production department 2	maintenance department
allocated costs	\$80 000	\$60 000	\$10 000
split of maintenance department costs	60%	40%	
direct labour hours	20 000	8 000	

What is the overhead absorption rate per labour hour for production department 1?

- A** \$3.70 **B** \$4.00 **C** \$4.20 **D** \$4.30

25 Vikram is paid \$10 an hour for a 40-hour week and at time and a half for overtime.

He is expected to produce four units an hour. If he produces more than this, a bonus of \$2 per extra unit is paid.

Last week Vikram worked 41 hours and produced 161 units.

How much was Vikram paid?

- A** \$410 **B** \$412 **C** \$415 **D** \$417