

27 The following data applies to the budget for a job.

direct materials	\$4800
direct labour	\$2200
machine hours	240

Direct labour is employed at an hourly rate of \$11.

Production overheads are charged at \$25 per direct labour hour and an amount for selling and distribution overhead is calculated at 20% of factory cost.

What is the total cost of the job?

- A** \$8400 **B** \$12 000 **C** \$14 400 **D** \$15 600

28 A company has two production departments, manufacturing and assembly, and a stores service department. The overheads are apportioned to each department using the appropriate costing information supplied.

	manufacturing	assembly	stores
direct labour hours	8 400	33 600	
machine hours	20 160	6 720	
total cost of the stores department			\$32 800
number of store requisitions	3 000	2 000	

What are the overhead absorption rates for the two production departments in respect of the stores?

	manufacturing department	assembly department
A	\$0.39 direct labour hour	\$0.98 machine hour
B	\$0.58 direct labour hour	\$0.65 machine hour
C	\$0.65 machine hour	\$0.58 direct labour hour
D	\$0.98 machine hour	\$0.39 direct labour hour

29 What does an increase in the marginal cost of a product cause?

- A** decreased contribution
B decreased fixed costs
C increased contribution
D increased contribution to sales ratio