

**25** Which type of business is most likely to use a batch costing system?

- A** an aircraft manufacturer
- B** a car component manufacturer
- C** a ship construction yard
- D** a wedding cake maker

**26** A company is asked to make a new machine for a customer. It provides the following estimates.

Materials will cost \$1100.

Labour will be 30 hours at a cost of \$14 per hour.

The company charges overheads at \$10 per labour hour and has a mark-up of 30% on total cost.

What is the price on the job cost sheet?

- A** \$1520              **B** \$1820              **C** \$1976              **D** \$2366

**27** Which formula would be used to calculate an overhead absorption rate for a capital-intensive production process?

- A**  $\frac{\text{labour hours}}{\text{overhead costs}}$
- B**  $\frac{\text{machine hours}}{\text{overhead costs}}$
- C**  $\frac{\text{overhead costs}}{\text{labour hours}}$
- D**  $\frac{\text{overhead costs}}{\text{machine hours}}$