

- 22** A cost accountant is calculating the budgeted production overheads for a company which makes and sells a single product.

Which row will give the correct total of production overheads?

	wages of production workers	wages of assembly workers	supervisors' salaries	wages of factory maintenance workers	cost of raw materials	cost of factory cleaning materials
<b>A</b>	✓	✓			✓	
<b>B</b>		✓	✓	✓		✓
<b>C</b>	✓	✓	✓	✓		✓
<b>D</b>			✓	✓		✓

- 23** Workers are paid a basic rate of \$10 per hour.

Overtime rate is paid at time and a half.

Bonus is paid at a rate of 10% of basic pay if production exceeds its target.

The following information is available for a month.

total hours worked	1500
hours at basic rate	1000
target production	12 500 units
actual production	15 000 units

What was the total factory labour cost for the month?

- A** \$16 500      **B** \$18 500      **C** \$19 250      **D** \$24 750

- 24** Why are service department costs transferred to production departments?

- 1 so that both direct and indirect costs can be covered by revenue
- 2 so that overhead absorption rates can be calculated and applied
- 3 so that the break-even point can be calculated

- A** 1 and 2      **B** 1 and 3      **C** 2 and 3      **D** 3 only