

21 When a company produces 5000 units of a product it requires one supervisor.

If production is increased beyond 5000 units then two supervisors are required.

Which type of cost is this an example of?

- A** fixed
- B** semi-variable
- C** stepped
- D** variable

22 A business employs 20 workers as production staff. Each worker is employed for 40 hours per week at a rate of \$7.80 per hour.

Bonus is calculated at 20% of basic rate pay per hour for each product manufactured above 120 units per employee.

In a week, **each** employee produced 145 units.

What were the total wages for the week?

- A** \$7020 **B** \$9984 **C** \$10 764 **D** \$10920

23 A business uses absorption costing to set its selling prices.

Which overheads are accounted for by the use of the overhead absorption rate?

- A** total production, administrative and selling
- B** total production only
- C** variable production, administrative and selling
- D** variable production only

24 A business uses absorption costing and applies a mark-up of 50% when setting selling prices.

Each unit of product X has a direct cost of \$60 and a selling price of \$150 and requires two hours of machine time.

What is the overhead absorption rate per machine hour?

- A** \$7.50 **B** \$15.00 **C** \$20.00 **D** \$40.00