

**27** A manufacturing company produces 10 000 units and sells 8000 units in a year.

The selling price per unit is \$30.

Total costs incurred during that year were as follows.

	\$
direct materials	50 000
direct labour	<u>80 000</u>
prime cost	130 000
factory overhead	<u>50 000</u>
production cost	180 000
administration cost	<u>65 000</u>
total costs	<u>245 000</u>

The company uses absorption costing.

What is the value of closing inventory?

- A** \$26 000      **B** \$36 000      **C** \$49 000      **D** \$60 000

**28** The following information is available for a manufacturing company.

budgeted direct labour hours	26 200
actual direct labour hours	28 000
budgeted overhead costs	\$166 500
actual overhead costs	\$172 600

What is the overhead absorption rate?

- A** \$5.95      **B** \$6.16      **C** \$6.35      **D** \$6.59