

**27** A business provides the following data.

output level	1	2
direct labour hours	8 500	9 250
total overheads	\$123 250	\$124 563

The variable overhead cost is \$1.75 per direct labour hour.

What is the fixed overheads cost when 8500 labour hours are used?

- A** \$1313      **B** \$14 875      **C** \$108 375      **D** \$123 250

**28** The following information is forecast for May.

	units
opening inventory	25 200
closing inventory	28 200
	\$
marginal cost profit	100 800
absorption cost profit	120 300

What is the overhead absorption rate?

- A** \$3.57      **B** \$4.27      **C** \$4.77      **D** \$6.50

**29** The manufacture of which product is best suited to job costing?

- A** aeroplanes  
**B** medicines  
**C** newspapers  
**D** paint

**30** What is the purpose of a job cost sheet?

- A** to enable the business to recover its overheads  
**B** to ensure the customer knows the split between materials and labour  
**C** to inform the customer of the profit margin