

22 Which item is a direct cost?

- A** carriage inwards on production materials
- B** cleaning materials for the factory
- C** factory rent
- D** wages of the factory manager

23 A business has the following information available.

| | |
|--------------------------|------------|
| selling price per unit | \$35 |
| direct labour per unit | \$9 |
| direct material per unit | \$6 |
| budgeted sales | 8000 units |
| margin of safety | 2000 units |

What is the value of fixed costs?

- A** \$40 000 **B** \$120 000 **C** \$160 000 **D** \$200 000

24 A company has allocated its costs between different departments as shown.

| details | production department 1 | production department 2 | maintenance department |
|---------------------------------------|-------------------------|-------------------------|------------------------|
| allocated costs | \$80 000 | \$60 000 | \$10 000 |
| split of maintenance department costs | 60% | 40% | |
| direct labour hours | 20 000 | 8 000 | |

What is the overhead absorption rate per labour hour for production department 1?

- A** \$3.70 **B** \$4.00 **C** \$4.20 **D** \$4.30

25 Vikram is paid \$10 an hour for a 40-hour week and at time and a half for overtime.

He is expected to produce four units an hour. If he produces more than this, a bonus of \$2 per extra unit is paid.

Last week Vikram worked 41 hours and produced 161 units.

How much was Vikram paid?

- A** \$410 **B** \$412 **C** \$415 **D** \$417