

23 A company incurs a semi-variable cost per employee hour worked.

If hours worked exceed 10 000, an extra fixed administrative cost of \$600 is incurred.

hours worked	administrative cost \$
8 000	20 000
10 000	24 000

What will be the total administrative cost when 12 000 hours are worked?

- A** \$28 600 **B** \$30 600 **C** \$33 400 **D** \$34 600

24 Which costs are charged to individual jobs in a job costing system?

- A** direct labour plus direct materials
- B** direct labour plus direct materials plus production overhead
- C** direct labour plus production overhead
- D** direct materials plus production overhead

25 A business absorbs its overheads on the basis of direct labour hours.

The following information is provided for its last period.

	actual	budgeted
overheads	\$640 000	\$620 000
labour hours	13 100	12 400

By how much were overheads over-absorbed or under-absorbed?

- A** over-absorbed by \$15 000
- B** under-absorbed by \$15 000
- C** over-absorbed by \$20 000
- D** under-absorbed by \$20 000

26 Why might a business use absorption costing?

- 1 to calculate inventory valuation for financial statements
- 2 to calculate selling price by adding profit to total cost
- 3 to include all production costs for the units produced

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