

- 25** Justine is an accountant and charges her clients a fee at an hourly rate plus overheads. She adds a mark-up of 20%.

The following budgeted information is available.

annual hours worked	1610
annual overhead expenditure	\$56 350
direct labour rate per hour	\$45
extra charge if job is greater than 15 hours	\$200
overheads are charged on a direct labour hour basis	

How much will Justine charge a client for a job which takes 20 hours to complete?

- A** \$1920      **B** \$2000      **C** \$2160      **D** \$2250
- 26** Which statement describes the purpose of overhead apportionment?
- A** to assign specific costs to production departments  
**B** to assign specific costs to service departments  
**C** to share common costs to production departments  
**D** to share common costs to service departments
- 27** A business has two production departments: machining and assembly. The budgeted direct labour hours for each department are:

machining    4000  
assembly    16 000.

The business has calculated overhead absorption rates as:

machining    \$12 per direct machining hour  
assembly    \$7.70 per direct labour hour.

Insurance of \$4800 relating to the assembly department was incorrectly omitted when making the calculations.

What is the correct overhead absorption rate for the assembly department?

- A** \$6.40      **B** \$7.94      **C** \$8.00      **D** \$8.80