

**22** The production wages paid for the year totalled \$257 000.

Indirect wages are 30% of the total. Direct workers were expected to work 15 000 hours but only worked 13 000 hours.

No overtime or bonus payments were made.

What is the hourly rate of pay paid to direct labour?

- A** \$5.14                      **B** \$5.93                      **C** \$11.99                      **D** \$13.84

**23** Which will result in a high valuation of closing inventory?

- A** AVCO in periods of rising cost prices  
**B** AVCO in periods of rising selling prices  
**C** FIFO in periods of rising cost prices  
**D** FIFO in periods of rising selling prices

**24** A manufacturing business has the following data.

budgeted factory overheads	\$144 000
budgeted machine hours	40 000
actual factory overheads	\$147 600
actual machine hours	36 000

What is the overhead absorption rate per machine hour?

- A** \$3.60                      **B** \$3.69                      **C** \$4.00                      **D** \$4.10

**25** Which values can be calculated when absorption costing is used?

- 1 an inventory value which includes all production costs
- 2 the margin of safety at the current level of production
- 3 the selling price of the product

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

**26** Whose wages would be treated as an indirect cost?

- A** assemblers at a car manufacturer  
**B** lorry drivers at an engineering company  
**C** sewers at a dress-making business  
**D** welders at a building construction company