

- 22** A business employs 20 production staff. Each worker is employed for 40 hours per week at a rate of \$7.80 per hour.

Piece rate is calculated at 20% of basic rate pay per hour for each product manufactured above 120 units per employee.

In a week, each employee produced 145 units.

What were the total wages for the week?

- A** \$7020 **B** \$9984 **C** \$10 764 **D** \$10 920

- 23** A business had the following transactions relating to inventory.

March 1	opening inventory	20 items at \$7.50 each
3	sales of inventory	12 items at \$9 each
6	purchases of inventory	18 items at \$8.20 each

What was the cost per unit of closing inventory on 7 March using the AVCO (perpetual) method?

- A** \$7.29 **B** \$7.85 **C** \$7.98 **D** \$8.23

- 24** Which statements about marginal costing are correct?

- 1 The marginal cost of a product includes an allowance for fixed overheads.
- 2 The marginal cost of a product represents the additional cost of making one extra unit.
- 3 If inventory decreases during a period, the profits under absorption costing will be lower than under marginal costing.

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

- 25** How is an overhead absorption rate per machine hour calculated?

- A** by dividing actual overheads with actual machine hours
B by dividing actual overheads with budgeted machine hours
C by dividing budgeted overheads with actual machine hours
D by dividing budgeted overheads with budgeted machine hours