At the end of 2011, Morgan Company had two jobs still in process with a total balance of $2,500. According to the respective job cost sheets the jobs had $600 and $650 in direct materials costs and $200 and $50 in direct labor costs. What overhead rate is Morgan using?

**A.** 25% of direct labor costs.

**B.** 50% of direct material costs.

**C.** 10% of direct labor costs.

**D.** 80% of direct material costs.

Sweet Shoppe Creamery incurred the following costs: $800 of ice cream, 60 hours of direct labor at $9 per hour, $80 for indirect materials, $40 for indirect labor, $200 for product advertising, and $150 of administrative costs. How much are total product costs?

**A.** $1,340

**B.** $1,810

**C.** $1,660

**D.** $1,460

For make-or-buy decisions, which items are always relevant?

**A.** Incremental costs and incremental revenues.

**B.** Differential costs and opportunity costs.

**C.** Differential costs and sunk costs.

**D.** Differential costs and incremental revenues