Nevin Company makes three products in its factory: plastic cups, plastic table cloths, and plastic bottles. The expected overhead costs for the next fiscal year include the following:

|  |  |
| --- | --- |
| **Factory manager's salary** | $260,000.00 |
| **Factory utility cost** | $121,000.00 |
| **Factory supplies** | $56,000.00 |
| **Total overhead costs** | $437,000.00 |

Nevin uses machine hours as the cost driver to allocate overhead costs. Budgeted machine hours for the products are as follows.

|  |  |
| --- | --- |
| **Cups** | 420 hours |
| **Tablecloths** | 740 hours |
| **Bottles** | 1140 hours |
| **Total Macine hours** | 2300 hours |

Required:

1. Allocate the budget overhead costs to the products.
2. Provide a possible explanation as why Nevin chose machine hours, instead of labor hours, as the allocation base.