

22 The following information relates to one accounting period.

opening inventory	40 000 units
closing inventory	44 000 units
absorption cost profit	\$284 000
marginal cost profit	\$250 000

What was the overhead absorption rate per unit during the accounting period?

- A** \$6.25 **B** \$6.45 **C** \$7.10 **D** \$8.50

23 A business uses the weighted average cost (AVCO) method of inventory valuation.

date		units	\$ per unit
1 September	purchased	50	4.00
10 September	purchased	30	4.80
21 September	sold	15	

What was the cost of each unit sold?

- A** \$4.00 **B** \$4.30 **C** \$4.40 **D** \$4.80

24 What may cause the under absorption of overheads?

- 1 Overheads have been lower than budgeted.
- 2 Overheads have been higher than budgeted.
- 3 Production volumes have been lower than budgeted.
- 4 Production volumes have been higher than budgeted.

- A** 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

25 Which changes would result in a fall in profit?

- 1 Marginal cost per unit increases.
- 2 Total fixed cost decreases.
- 3 Sales volume increases.
- 4 Selling price per unit decreases.

- A** 1 and 2 **B** 1 and 4 **C** 2 and 4 **D** 3 and 4