

**25** A company's profit was \$100 000 using marginal costing.

Its opening inventory was 2000 units and closing inventory was 3000 units.

The fixed production overhead absorption rate is \$30 per unit.

What was the profit using absorption costing?

- A** \$40 000      **B** \$70 000      **C** \$130 000      **D** \$190 000

**26** A business prepares its income statement using marginal costing. The profit is reduced by changing from marginal costing to absorption costing.

Which statement is correct?

- A** All units produced in the period were sold.  
**B** Units sold were greater than units produced.  
**C** Units sold were fewer than units produced.  
**D** There were no units produced in the period.

**27** A company wants to sell 50 000 units and achieve a profit of \$600 000. It has variable costs of \$60 per unit and total fixed overheads of \$400 000.

What is the selling price per unit it needs to charge to achieve the required profit?

- A** \$64      **B** \$68      **C** \$72      **D** \$80

**28** The following information is available for a month.

	\$
sales revenue	160 000
total costs	105 000
variable overheads (included in total costs)	26 000

When calculating the contribution to sales ratio, the book-keeper treated the variable overheads as fixed by mistake.

What was the effect of this on the contribution to sales ratio?

- A** 16.25% too high  
**B** 16.25% too low  
**C** 24.76% too high  
**D** 24.76% too low