

25 The actual output for a business is lower than that forecast.

Which costs would normally still be the same as forecast?

- 1 fixed cost per unit
- 2 total fixed cost
- 3 total variable cost
- 4 variable cost per unit

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

26 Ehsen Nadeen manufactures one product, the miji. Each miji has a selling price of \$10 and variable costs of \$8 and annual fixed costs total \$12 000. Ehsen wishes to make a profit of \$14 000 a year.

How many mijis should Ehsen make each year?

A 2600 **B** 6000 **C** 7000 **D** 13 000

27 Which costing method is most suitable for fixing a selling price and which for deciding whether to make or buy in a product?

	fixing of selling price	decision to make or buy in a product
A	absorption costing	absorption costing
B	absorption costing	marginal costing
C	marginal costing	absorption costing
D	marginal costing	marginal costing

28 A business provides the following data.

output level	1	2
direct labour hours	8 500	9 250
total overheads	\$123 250	\$124 563

The variable overhead cost is \$1.75 per direct labour hour.

What is the fixed overheads cost when 8500 labour hours are used?

A \$1313 **B** \$14 875 **C** \$108 375 **D** \$123 250