

22 The following information is available for a manufacturing business.

What could cause an under-absorption of overheads?

		actual	budget
A	machine hours	2 000	1 000
B	overhead expenditure (\$)	8 000	10 000
C	production units	3 000	5 000
D	sales units	6 000	5 000

23 A business produces two products for the month of January. Overheads are absorbed using the direct labour hour rate. The production details are as follows.

	product	
	P	Q
units manufactured and sold	5000	2000
direct labour hours per unit	1.5	1

Direct costs for the month were \$23 750.

The fixed overheads were \$6500.

What was the overhead absorption rate?

- A** \$0.68 per hour
- B** \$2.50 per hour
- C** \$3.18 per hour
- D** \$3.39 per hour

24 The following information relates to a business for a year.

	\$
selling price per unit	100
variable costs per unit	60
total fixed costs	90 000
profit for the year	15 000

How many units were sold for the year?

- A** 1750
- B** 1875
- C** 2250
- D** 2625