

22 Alice works from home making and selling greetings cards. All of her business costs are variable.

Alice plans to double her output. To do this she will need to rent a small workshop.

Which costs will increase?

	fixed cost per unit	variable cost per unit	total variable cost
A	✓	✓	
B		✓	✓
C	✓		✓
D	✓	✓	✓

23 Which costs are included when calculating the cost of sales using absorption costing?

- 1 factory overhead costs
- 2 fixed selling and distribution costs
- 3 finance costs
- 4 direct costs

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

24 A company has budgeted the following factory overheads for the next financial year.

	machining	assembly	stores	total
overheads	\$80 000	\$50 000	\$10 000	\$140 000

Machining and assembly are production departments and stores is the service department. The two production departments issued requisitions to stores as follows.

machining	120
assembly	80
total	200

What was the budgeted overhead absorption rate for the machining department based on 4300 budgeted machine hours?

A \$18.60 **B** \$20.00 **C** \$30.23 **D** \$32.56