

**25** In a manufacturing business the following could occur.

- 1 Actual overheads paid are less than budgeted overheads.
- 2 Actual overheads paid are more than budgeted overheads.
- 3 Actual units produced are less than budgeted units.
- 4 Actual units produced are more than budgeted units.

Which situations would result in an under absorption of overhead expenditure?

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

**26** A company makes and sells a single product for \$12 per batch.

The variable cost is \$4 per batch.

Fixed costs have been absorbed based on a normal activity level of 1000 batches at \$3 per batch.

What is the profit under marginal costing if the company makes and sells 1500 batches?

- A** \$6000      **B** \$7500      **C** \$9000      **D** \$12 000

**27** The following information was provided about a product.

|                        |            |
|------------------------|------------|
| selling price per unit | \$50       |
| variable cost per unit | \$26       |
| total fixed costs      | \$10 000   |
| demand                 | 1800 units |

If the selling price increases only demand changes.

When the selling price increased by \$4 profit fell by \$1200.

What was the decrease in demand?

- A** 214 units  
**B** 300 units  
**C** 571 units  
**D** 657 units