**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