

**24** The following data were available for a department for July.

	budget	actual
direct labour hours	40 000	41 950
machine hours	60 000	60 900
overheads	\$480 000	\$499 200

What was the over or under absorption of overheads for July?

- A** \$4200 over absorbed
- B** \$4200 under absorbed
- C** \$12 000 over absorbed
- D** \$12 000 under absorbed

**25** Which statements about marginal costing are correct?

- 1 It cannot be used as a basis to calculate contribution.
- 2 It is useful for decision-making.
- 3 It recognises the importance of fixed costs.

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

**26** A company with fixed costs of \$50 000 and a contribution to sales ratio of 40% makes a profit of \$30 000.

What are the total costs?

- A** \$130 000      **B** \$170 000      **C** \$175 000      **D** \$200 000

**27** What is **not** an assumption made in cost–volume–profit analysis?

- A** Unit fixed cost is constant.
- B** Unit selling price is constant.
- C** Unit variable cost is constant.
- D** Units produced are all sold.