

- 23** A company's reported profit for the year is the same whether it uses marginal costing or absorption costing.

Which statement is correct?

- A** Selling costs have increased.
- B** Selling costs have not changed.
- C** The inventory has increased.
- D** The inventory has not changed.

- 24** A business uses an overhead absorption rate based on direct labour hours.

The following information is provided for its last year.

	actual	budgeted
overheads	\$120 000	\$100 000
direct labour hours	10 000	8000
indirect labour hours	2000	4500

Which statement regarding overheads is correct?

- A** They were over absorbed by \$5000.
- B** They were under absorbed by \$5000.
- C** They were over absorbed by \$24 000.
- D** They were under absorbed by \$24 000.

- 25** A business has provided the following information about a product.

	\$
unit contribution	6
total fixed costs	16 800

It is proposing to increase the unit selling price from \$18 to \$20.

What would be the effect of this on the break-even quantity?

- A** decrease by 700 units
- B** increase by 700 units
- C** decrease by 1400 units
- D** increase by 1400 units