

**24** A company wishes to improve its current ratio and its acid test ratio.

How can this be done?

- A** increasing discounts to debtors
- B** increasing the provision for doubtful debts
- C** purchasing additional stock on credit
- D** selling fixed assets

**25** A business uses job costing to calculate the cost of vehicle repair jobs.

Overheads are allocated on an absorption costing basis.

What is the effect of this method of allocation?

- A** overheads will include both fixed and variable overhead costs
- B** overheads will include direct costs only
- C** overheads will include fixed overhead costs only
- D** overheads will include variable overhead costs only

**26** The table shows costs at three activity levels.

activity levels	65 units	90 units	100 units
	\$	\$	\$
fixed cost	?	?	?
variable cost	?	?	?
total cost	15 600	19 600	21 200

What is the fixed cost?

- A** \$1600
- B** \$4000
- C** \$5200
- D** \$5600

**27** What will result in under-absorption of fixed production overhead?

- A** absorption based on actual expenditure and actual activity
- B** actual expenditure below budget expenditure
- C** actual activity above budget activity
- D** actual activity below budget and expenditure as budgeted