

- 27** A business has fixed costs for a month of \$150 000. It sells its single product for \$20 per unit and has a contribution/sales ratio of 0.75. It wishes to make a profit of \$300 000 for the month.

How many units does the business need to sell?

- A** 10 000 **B** 20 000 **C** 22 500 **D** 30 000

- 28** When valuing inventory of finished goods on an absorption cost basis, which costs should be included?

- A** production
B production and administration
C production, marketing and distribution
D production, marketing, administration and distribution

- 29** A hospital budgets for overheads totalling \$11 500 000 for a financial year. It expects to treat 25 000 patients in the year. Each patient stays an average of 10 days and the hospital absorbs overheads on a patient/day basis. Its direct costs for the year are budgeted at \$25 000 000.

What is its overhead absorption rate per patient day?

- A** \$46 **B** \$100 **C** \$146 **D** \$460

- 30** The following data applies to a business.

budgeted labour hours	10 000
actual labour hours	9 500
budgeted overheads	\$150 000
actual overheads	\$160 000

What is the amount of overhead under-absorbed?

- A** \$7500 **B** \$8000 **C** \$10 000 **D** \$17 500