

**24** The manufacture of product type X incurs a specific cost. Data relating to this is as follows:

units produced	6000	9000
cost per unit	\$3	\$2

Which type of cost is this?

- A** fixed
- B** semi-variable
- C** stepped
- D** variable

**25** A company makes a single type of product and sells it for \$12 per batch.

The variable cost is \$4 per batch.

Fixed costs have been absorbed based on a normal activity level of 1000 batches at \$3 per batch.

What is the profit under marginal costing if the company makes and sells 1500 batches?

- A** \$6000                      **B** \$7500                      **C** \$9000                      **D** \$12 000

**26** A business operates a system of absorption costing.

Which statements are correct?

- 1 Overheads would be over absorbed if the actual activity level was below the budgeted level.
- 2 Overheads would be under absorbed if the actual activity level was below the budgeted level.
- 3 Overheads would be over absorbed if the actual overhead exceeded the budgeted overhead.
- 4 Overheads would be under absorbed if the actual overhead exceeded the budgeted overhead.

- A** 1 and 3                      **B** 1 and 4                      **C** 2 and 3                      **D** 2 and 4

**27** A business uses an overhead absorption rate of \$20 per direct labour hour.

In April budgeted direct labour hours were 6000 and actual direct labour hours were 6100.

Overheads for the month were under absorbed by \$3000.

What were the actual overheads in April?

- A** \$117 000                      **B** \$119 000                      **C** \$123 000                      **D** \$125 000