

26 A business makes a single product. The following information is available.

production	total cost \$
600 units	4200
800 units	5200

What is the fixed cost per unit?

	for 600 units \$	for 800 units \$
A	2.00	1.50
B	2.00	2.00
C	5.00	5.00
D	7.00	6.50

27 A company produces two different products which use the same material.

One month there is a shortage of material and the company needs to reduce production of one product.

Of which product should the company reduce production first?

- A** the one with the higher contribution per kilo of material
- B** the one with the higher contribution per unit
- C** the one with the lower contribution per kilo of material
- D** the one with the lower contribution per unit

28 A factory has forecast total production overhead of \$400 000 and forecast activity of 80 000 machine hours.

In April actual overheads are \$385 000 and actual activity is 70 000 hours.

What is the level of under or over absorption in April?

- A** \$35 000 over
- B** \$35 000 under
- C** \$40 000 over
- D** \$40 000 under