

- 23** The following data is available for the production department of a manufacturing company for a period. Overheads are absorbed on a direct labour hour basis.

	direct labour hours	total overhead costs \$
budgeted	96 000	242 880
actual	97 600	253 760

What is the over or under absorption of overheads for the period?

- A** \$6832 over absorbed
 - B** \$6832 under absorbed
 - C** \$10 880 over absorbed
 - D** \$10 880 under absorbed
- 24** The records of a company showed the following.

	machining	assembly
total fixed overheads	\$150 000	\$60 000
machine hours	3000	
employee hours worked		2000

What is the hourly fixed overhead absorption rate for the machining department?

- A** \$30 **B** \$42 **C** \$50 **D** \$70
- 25** Which costs are included in inventory valuation under absorption costing?
- 1 fixed manufacturing overhead
 - 2 variable manufacturing overhead
 - 3 variable selling expenses
- A** 1 and 2 only **B** 1 and 3 only **C** 2 and 3 only **D** 1, 2 and 3
- 26** What would cause a margin of safety of a product to increase?

- 1 Break-even revenue decreases.
 - 2 Break-even revenue increases.
 - 3 Forecast revenue decreases.
 - 4 Forecast revenue increases.
- A** 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4