25 A business absorbs its fixed overheads using direct labour hours.

The following information is provided.

	actual	budgeted
overheads	$600 000	$508 000
labour hours	14 300	12 700

Which statement is correct?

A Overheads were over absorbed by $28 000.

B Overheads were under absorbed by $28 000.

C Overheads were over absorbed by $92 000.

D Overheads were under absorbed by $92 000.

26 A company sells a single product for $24 per unit.

The variable cost is $8 per unit.

Fixed costs have been absorbed based on a normal activity level of 1000 units at $6 per unit.

What is the profit under marginal costing if the company makes and sells 1250 units?

A $10 000 **B** $12 500 **C** $14 000 **D** $20 000

27 A product has the following revenue and costs per unit.

	$
selling price	40
marginal cost	22
fixed manufacturing overhead	6
non-manufacturing overhead	2

What is the contribution to sales ratio?

A 25% **B** 30% **C** 45% **D** 55%

28 Which statements about cost–volume–profit analysis are correct?

1 It applies over any time period.

2 It is suitable for any range of output.

3 Profits are calculated using marginal costing.

A 1 and 3 **B** 1 only **C** 2 and 3 **D** 3 only