24 A manufacturing business has two production departments: assembly and painting.

The following information is available.

	assembly	painting
machinery at net book value ($)	150 000	100 000
machinery repair costs ($)	14 000	6 000
machine operating hours	60 000	15 000
number of machines	30	10

The total machinery insurance cost for the year was $5000.

How much insurance should be apportioned to the assembly department?

A $3000 **B** $3500 **C** $3750 **D** $4000

25 Which statement about absorption costing is correct?

A It allocates fixed costs to a product when it is sold.

B It allocates fixed costs to a product whether it is sold or not.

C It increases the costs charged to the income statement.

D It reduces the cost of the closing inventory.

26 What is equal to total revenue at the break-even point?

A total contribution

B total fixed costs

C total variable and fixed costs

D total variable costs

27 A business manufactures and sells a single product.

It is sold for $10 per batch.

The variable cost is $4 per batch.

Fixed costs are absorbed based on a normal activity level of 5000 batches at $1 per batch.

What is the profit, using marginal costing, if the company makes and sells 6000 batches?

A $24 000 **B** $30 000 **C** $31 000 **D** $36 000