

25 In a manufacturing business the following could occur.

- 1 Actual overheads paid are less than budgeted overheads.
- 2 Actual overheads paid are more than budgeted overheads.
- 3 Actual units produced are less than budgeted units.
- 4 Actual units produced are more than budgeted units.

Which situations would result in an under absorption of overhead expenditure?

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

26 A company makes and sells a single product 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

27 The following information was provided about a product.

selling price per unit	\$50
variable cost per unit	\$26
total fixed costs	\$10 000
demand	1800 units

If the selling price increases only demand changes.

When the selling price increased by \$4 profit fell by \$1200.

What was the decrease in demand?

- A** 214 units
B 300 units
C 571 units
D 657 units