

23 A business absorbs overheads based on machine hours.

During the last quarter it had the following budgeted and actual results.

| | |
|------------------------|-----------|
| actual overheads | \$118 505 |
| actual machine hours | 6 230 |
| budgeted overheads | \$126 725 |
| budgeted machine hours | 6 850 |

By how much were overheads over or under absorbed?

- A** over absorbed by \$3250
- B** over absorbed by \$8220
- C** under absorbed by \$3250
- D** under absorbed by \$8220

24 Actual output exceeds budgeted output.

Which cost is higher than budgeted?

- A** fixed costs per unit
- B** total fixed costs
- C** total variable costs
- D** variable costs per unit

25 A company manufactures three products. The following information is obtained in respect of next month's budgeted production.

| | product X | product Y | product Z |
|---|-----------|-----------|-----------|
| contribution per unit | \$7 | \$6 | \$8 |
| contribution per kilo | \$3 | \$4 | \$6 |
| kilos of material required for production | 400 | 600 | 1000 |

The company has been advised that only 1800 kilos of material will be available for production next month.

What is the maximum contribution the company can earn?

- A** \$9000
- B** \$9600
- C** \$13 000
- D** \$13 200