23 A production centre uses 20 000 machine hours and 17 000 labour hours each month.

Which formula is used to calculate the overhead absorption rate?

A $\frac{\text{total machine hours}}{\text{total overhead cost}}$

B $\frac{\text{total overhead cost}}{\text{total labour hours}}$

C $\frac{\text{total overhead cost}}{\text{total (labour hours + machine hours)} \div 2}$

D $\frac{\text{total overhead cost}}{\text{total machine hours}}$

24 The following information is available.

	budget	actual
overheads	$60 000	$66 000
direct labour	30 000 hours	35 000 hours

The overhead absorption rate is based on direct labour hours.

What is the amount of overhead over-absorbed or under-absorbed?

A $4000 over

B $4000 under

C $6000 over

D $6000 under

25 A particular cost is classified as 'semi-variable'.

What effect will a 20% reduction in activity have on the unit cost?

A decrease by 20%

B decrease by less than 20%

C increase by 20%

D increase by less than 20%