

26 A business operates a staff cafeteria at a cost of \$12 000.

What is the most appropriate basis for apportioning this overhead cost?

- A** carrying value of cafeteria equipment
- B** direct labour hours
- C** floor area
- D** number of employees

27 A business has the following budgeted and actual results for a month.

| | \$ |
|-------------------------------|---------|
| budgeted fixed overheads | 354 000 |
| actual fixed overheads | 360 000 |
| under-absorption of overheads | 3 000 |

The fixed overheads are absorbed per unit.

The budgeted number of units is 118 000.

What is the actual level of activity in units?

- A** 118 000 **B** 119 000 **C** 120 000 **D** 121 000

28 Which statement concerning break-even charts is correct?

- A** At the break-even point, revenue and fixed costs intersect on the chart.
- B** Choices of optimal activity levels cannot be made using break-even charts.
- C** Costs and revenues are assumed to show linear behaviour.
- D** Revenue in excess of fixed costs represents the margin of safety.