

**26** Which of the following may result in an under-absorption of fixed overhead?

- A** absorption based on actual expenditure and actual activity
- B** activity above budget
- C** activity below budget
- D** expenditure below budget

**27** A company manufactures a single product with a selling price of \$30 per unit. Based on production and sales of 4000 units, costs are:

	\$ 000
direct costs	48
variable production overhead	10
fixed production overhead	20
variable selling overhead	5
fixed administration overhead	17
total costs	100

What is the gross profit per unit of the product?

- A** \$5.00      **B** \$10.50      **C** \$15.50      **D** \$18.00

**28** Which line, **A**, **B**, **C** or **D**, in the graph below best represents the behaviour of the total cost of an item affected by bulk purchase discounts?

