

- 23** The inventory movements of a business in a three-month period are shown.

date	receipts		issues units
	units	per unit	
January	100	\$5	
January	200	\$6	
February			50
March			200

The business uses the first in first out (FIFO) method of inventory valuation.

What was the value of inventory at the end of March?

- A** \$250                      **B** \$275                      **C** \$283                      **D** \$300
- 24** A company uses absorption costing based on predetermined absorption rates.
- Which statement about absorption rates is correct?
- A** They will be based on budgeted costs and outputs.
- B** They will be calculated only when actual costs and outputs are known.
- C** They will be changed each time outputs and costs change.
- D** They will be set for a period of more than one year.
- 25** A business absorbs fixed overheads using direct labour hours.

The following information is provided.

	actual	budgeted
overheads	\$525 000	\$525 000
direct labour hours	16 300	15 000
indirect labour hours	2700	2500

Which statement is correct?

- A** Overheads were over absorbed by \$45 000.
- B** Overheads were under absorbed by \$45 000.
- C** Overheads were over absorbed by \$45 500.
- D** Overheads were under absorbed by \$45 500.