

25 A business absorbs overheads based on machine hours.

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

actual overheads	\$127 346
actual machine hours	5 490
budgeted overheads	\$129 375
budgeted machine hours	5 625

By how much were overheads under or over absorbed?

- A** over absorbed by \$1076
- B** over absorbed by \$2029
- C** under absorbed by \$1076
- D** under absorbed by \$2029

26 Which statements about marginal costing are correct?

- 1 It only uses fixed and variable costs in calculations.
- 2 It only uses variable costs in calculations.
- 3 It should only be used for long-term planning decisions.
- 4 It should only be used for short-term planning decisions.

- A** 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

27 A business has the following budget for April.

	\$
sales revenue	1 000 000
contribution	550 000
fixed production costs	275 000
fixed selling costs	55 000

What is the break-even sales revenue for April?

- A** \$450 000 **B** \$500 000 **C** \$600 000 **D** \$670 000

28 A company has fixed costs during a quarter of \$300 000. It sells its single product for \$25 per unit and has a contribution to sales ratio of 40%.

How many units of product does it need to sell to make a profit of \$100 000?

- A** 10 000 **B** 16 000 **C** 30 000 **D** 40 000