

29 What is the reason for overhead absorption in a manufacturing business?

- A** to control overhead expenditure
- B** to determine the net realisable value of inventory
- C** to enable overheads to be apportioned to cost centres
- D** to establish costs per unit of product

30 A business reports a profit using marginal costing of \$75 000 for a month.

Opening inventory was 10 000 units and closing inventory 15 000 units.

The fixed production overhead absorption rate is \$5 per unit.

What is the profit using absorption costing?

- A** \$25 000 **B** \$50 000 **C** \$100 000 **D** \$125 000