

- 24** A manufacturing business has two production departments: assembly and painting.

The following information is available.

	assembly	painting
machinery at net book value (\$)	150 000	100 000
machinery repair costs (\$)	14 000	6 000
machine operating hours	60 000	15 000
number of machines	30	10

The total machinery insurance cost for the year was \$5000.

How much insurance should be apportioned to the assembly department?

- A** \$3000      **B** \$3500      **C** \$3750      **D** \$4000

- 25** Which statement about absorption costing is correct?

- A** It allocates fixed costs to a product when it is sold.  
**B** It allocates fixed costs to a product whether it is sold or not.  
**C** It increases the costs charged to the income statement.  
**D** It reduces the cost of the closing inventory.

- 26** What is equal to total revenue at the break-even point?

- A** total contribution  
**B** total fixed costs  
**C** total variable and fixed costs  
**D** total variable costs

- 27** A business manufactures and sells a single product.

It is sold for \$10 per batch.

The variable cost is \$4 per batch.

Fixed costs are absorbed based on a normal activity level of 5000 batches at \$1 per batch.

What is the profit, using marginal costing, if the company makes and sells 6000 batches?

- A** \$24 000      **B** \$30 000      **C** \$31 000      **D** \$36 000