

26 A business incurs the following costs.

- 1 direct material and direct labour costs
- 2 indirect factory production overheads
- 3 administrative expenses
- 4 distribution costs

Which costs are included in the cost per unit using absorption costing?

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

27 A company absorbs overheads using machine hours. The following information is available.

	overheads	machine hours
budgeted	\$200 000	40 000 hours
actual	\$240 000	60 000 hours

What was the over or under absorption of overheads?

- A** \$40 000 over
B \$40 000 under
C \$60 000 over
D \$60 000 under

28 How is margin of safety calculated?

- A** actual sales minus break-even sales
B actual sales minus budgeted sales
C actual sales minus cost of sales
D budgeted sales minus cost of sales

29 A company incurs total costs of \$2200 for producing 100 units and \$4600 for 300 units. The selling price per unit is \$20.

What is the total profit or loss at a production level of 200 units?

- A** \$400 loss
B \$600 profit
C \$933 profit
D \$1600 profit