

**21** A manufacturing business is currently operating at full capacity.

As part of an expansion programme to increase production capacity, the business intends to employ an additional factory supervisor.

How are total supervisory salaries classified?

- A** fixed cost
- B** semi-variable cost
- C** stepped cost
- D** variable cost

**22** The following budgeted information is available.

production (units)	total costs \$
20 000	240 000
32 000	326 400

What are the fixed costs?

- A** \$21 600      **B** \$57 600      **C** \$86 400      **D** \$96 000

**23** A business absorbs its overheads on the basis of direct labour hours.

The following information is provided.

	actual	budgeted
overheads	\$560 000	\$546 000
direct labour hours	19 300	18 200

By how much are overheads under or over absorbed?

- A** over absorbed by \$14 000
- B** under absorbed by \$14 000
- C** over absorbed by \$19 000
- D** under absorbed by \$19 000