

# Absorption Costing VS Marginal Costing

**AAT Level III**  
Management Accounting and Finance  
(MAF)

Kosala Jayaweera  
BB. Mgt. (Accountancy) Sp. Second Upper, ACMA, CA Finalist



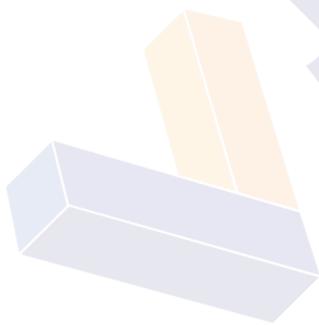
The normal level of production is budgeted at 400 units per month.

**Other costs**

- Fixed selling LKR 4,000 per month
- Fixed Administration LKR 2,000 per month
- Variable sales commission 5% of sales revenue

**You are required to:**

- Prepare the Income Statement for the month of May and June 2022.  
(Using the Marginal Costing and Absorption Costing)



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