

29 The costs of a company that annually sells 10 000 units are as follows.

	\$
direct material	50 000
assembly labour	100 000
factory overheads	70 000

The normal selling price of each unit is \$50.

How many more units need to be sold to break even if the selling price is reduced to \$35?

- A** 1500 units **B** 2000 units **C** 3500 units **D** 5000 units

30 Which statements identify a disadvantage of break-even analysis?

- 1 It does not show the effect of changes in output on the break-even point.
- 2 It is assumed that all costs can be split between fixed and variable.
- 3 It makes it difficult to decide the profitability of a product at different levels of activity.

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