

- 27 The following information relates to two production departments of a manufacturing business.

	assembly	polishing
prime cost (\$000)	880	1100
indirect overheads (\$000)	996	1363
machine hours (000)	100	150
labour hours (000)	75	220

What are the overhead absorption rates?

	assembly \$	polishing \$
A	9.96	6.20
B	13.28	9.09
C	18.76	11.20
D	25.01	16.42

- 28 A manufacturer has a total production cost of \$50 000 to make 20 000 units. This increases to \$60 000 if production is increased to 25 000 units.

What is the total cost of 35 000 units?

- A** \$70 000 **B** \$80 000 **C** \$84 000 **D** \$87 500

- 29 A company provides the following information about its product.

selling price	\$100
variable cost per unit	\$40
fixed costs	\$21 600
break even point	360 units

If the business changes its production method, contribution will increase by 10% and fixed costs will increase by 5%.

What would be the effect on the break even point?

- A** decrease by 16 units
B decrease by 36 units
C increase by 6 units
D increase by 18 units