

28 The following information applies to X Ltd.

output (units)	sales \$ 000	profits \$ 000
750	750	100
1000	1000	250

What is the contribution to sales ratio?

- A** 25 % **B** 40 % **C** 60 % **D** 87 %

29 What may result in an under-absorption of fixed overhead?

- A** absorption based on actual expenditure and actual activity
- B** activity above budget
- C** activity below budget
- D** expenditure below budget

30 What are major assumptions in contribution/sales (c/s) analysis?

- 1 costs can be identified as either variable or fixed
- 2 fixed cost per unit is constant as activity rises
- 3 variable cost per unit fluctuates with the volume of activity
- 4 volume of activity is the only factor that affects revenue and variable costs

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