

26 The data given relates to a small business.

	\$	\$
sales		6 000
variable costs	4 500	
fixed costs	<u>900</u>	<u>5 400</u>
profit		<u>600</u>

What is the contribution to the sales ratio?

- A** 10% **B** 25% **C** 75% **D** 90%

27 What is the reason for overhead absorption in a manufacturing business?

- A** to enable overheads to be apportioned to cost centres
B to control overhead expenditure
C to establish costs per unit of product
D to establish the net realisable value of stock

28 'Contribution' is an important feature of marginal costing.

How can the total contribution from a given activity be calculated?

- A** total assets plus total fixed costs
B total sales minus total profit
C total fixed costs plus total profit
D total direct costs minus total profit