28 A business makes and sells three different product types, M, N and O. The following information is available.

	product		
per unit	M $	N $	O $
selling price	240	280	250
direct material	110	120	90
direct labour	65	90	100
variable overheads	20	30	25
fixed overheads	50	30	18
profit / (loss)	(5)	10	17

Each product uses the same direct material, which is in short supply.

In which order of priority should the products be produced to maximise the profit?

A M → N → O

B M → O → N

C N → O → M

D O → N → M

29 A business has the following information.

break-even point	5000 units
variable costs per unit	$27
contribution to sales ratio	40%

What is the total fixed cost?

A $54 000 **B** $81 000 **C** $90 000 **D** $135 000

30 Why does a business prepare budgets?

A to assess their non-financial performance

B to control their expenditure