26 How is contribution calculated?

A sales revenue minus cost of goods sold

B sales revenue minus fixed costs

C sales revenue minus variable costs

D sales revenue minus (variable costs + fixed costs)

27 A company has the following budgeted information.

	$
revenue	800 000
contribution	480 000
fixed production costs	300 000
fixed non-production costs	120 000

What is its budgeted break-even sales revenue?

A $500 000 **B** $700 000 **C** $750 000 **D** $1 050 000

28 Which statements describe assumptions made when using cost–volume–profit analysis?

1 Costs can be accurately divided into their fixed and variable parts.

2 Costs cannot be accurately divided into their fixed and variable parts.

3 There are multiple products or a varying sales mix.

4 There is a single product or constant sales mix.

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

29 The following budgeted information relates to a business that manufactures two products.

	product X $	product Y $
selling price per unit	120	130
marginal cost per unit	110	115

The budgeted fixed costs for the period are $400 000.

The forecasted sales quantity of product X for the period is 25 000 units.

The business has a target profit for the period of $180 000.

How many units of product Y must be sold to achieve the target profit for the period?

A 10 000 **B** 12 000 **C** 22 000 **D** 33 000