

**26** Which changes would result in a decrease in the margin of safety?

	unit variable cost	total fixed costs
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

**27** A business provided the following information.

total fixed costs	\$12 000
break-even point	1500 units
unit variable costs	\$12

What was the contribution to sales ratio?

- A** 12.5%      **B** 40%      **C** 60%      **D** 66.67%

**28** 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 18 units  
**C** increase by 16 units  
**D** increase by 18 units