

- 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