

**26** The following budgeted information is available for a business.

	\$
revenue	650 000
variable costs	390 000
fixed non-production cost	150 000
fixed selling and distribution costs	90 000

What is its budgeted break-even sales revenue?

- A** \$250 000      **B** \$375 000      **C** \$400 000      **D** \$600 000

**27** Which statements relating to marginal costing are correct?

- 1 Fixed production costs are included in inventory valuations.
- 2 Fixed production costs are fully written off as an expense.
- 3 Variable production costs are included in inventory valuations.
- 4 Variable production costs are fully written off as an expense.

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

**28** A business makes and sells four products **A**, **B**, **C** and **D**.

Which product should be produced first when labour hours are **not** sufficient to produce all four products?

	selling price \$	variable costs \$	labour hours \$
<b>A</b>	10	15	1
<b>B</b>	35	10	5
<b>C</b>	50	30	2
<b>D</b>	75	57	3

**29** When does cost–volume–profit analysis inform users about cost behaviour?

- A** when different time periods are involved and when absorption costing is used  
**B** when different time periods are involved and when marginal costing is used  
**C** when the level of output changes and when absorption costing is used  
**D** when the level of output changes and when marginal costing is used