

26 Which cost will fall as production is reduced?

- A fixed costs per unit
- B total fixed costs
- C total variable costs
- D variable costs per unit

27 A company has the following information.

sales and production	20 000 units
	\$
total sales	600 000
total costs	200 000
total fixed costs	80 000

What is the company's contribution to sales ratio?

- A 20%                      B 33%                      C 67%                      D 80%

28 A company forecasts that in July its sales volume will decline by 10% and its contribution per unit will decline by 5% compared to June.

In June it made and sold 50 000 units. Total contribution was \$80 000. Its fixed costs were \$2000 and these were unchanged in July.

By how much will its profit fall in July compared to June?

- A \$4000                      B \$8000                      C \$11 600                      D \$13 600

29 Which statement about a **negative** margin of safety is correct?

- A Sales are greater than the break-even point.
- B Sales are less than the break-even point.
- C Sales are greater than budgeted.
- D Sales are less than budgeted.