

28 Details for two products made by a company were as follows.

	product X \$	product Y \$
selling price per unit	13	8
variable cost per unit	11	4

The company could sell a maximum of 11 000 units of X and 9000 units of Y.

However, the company cannot produce more than 10 000 units of X and Y together due to production constraints.

Which production mix will maximise profits?

	units of X	units of Y
A	10 000	0
B	1 000	9000
C	9 000	1000
D	5 000	5000

29 A manufacturer has a target profit of \$80 000 per annum. Last year the business made a profit of \$60 000 when 10 000 units were produced and sold. Contribution was \$10 per unit.

In order to achieve the target profit the plan is to increase advertising by \$10 000 per annum. Variable cost per unit and selling price per unit will remain unchanged.

What will be the **total** fixed cost if this plan is carried out?

A \$20 000 **B** \$30 000 **C** \$40 000 **D** \$50 000

30 Which are advantages of a budgetary control system?

- 1 Budgets help to prepare year-end financial statements.
- 2 Budgets may be set at easily achievable levels to make the business appear more efficient.
- 3 Managers become responsible for implementing their department's budget.
- 4 Where budget targets are not met, corrective action is taken.

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