

**25** The following information relates to a unit of production.

	\$
selling price	12
direct labour	3
direct materials	1
fixed overhead allocation	5

Variable costs are set to increase by 10%.

What is the new contribution per unit?

- A** \$2.10                      **B** \$2.60                      **C** \$7.60                      **D** \$7.70

**26** A business produces a single product.

	number of units
opening stock	5 000
production	15 000
closing stock	2 000

The variable production cost per unit is \$10 and the fixed production cost is \$60 000. The sales revenue is \$360 000.

Profit is \$108 000 based on full absorption costing.

What is the profit based on marginal costing?

- A** \$8000 higher  
**B** \$8000 lower  
**C** \$12 000 higher  
**D** \$12 000 lower