

24 A business manufactures 175 units of a product each month.

The following information is available for the month.

| Per unit | \$ |
|-----------------|-----|
| revenue | 580 |
| variable costs | 230 |
| fixed overheads | 90 |

What is the break-even point in units?

- A** 45 units **B** 61 units **C** 88 units **D** 160 units

25 When is marginal costing less useful than absorption costing?

- A** when choosing to make or buy a product
B when dealing with a limiting factor
C when producing a special order
D when valuing closing inventory

26 A company manufactures a single product with a selling price of \$75 per unit. The table shows the costs based on sales and production volume of 8000 units.

| | \$ |
|----------------------------------|---------|
| direct costs | 158 000 |
| variable manufacturing overheads | 74 000 |
| fixed manufacturing overheads | 80 000 |
| variable selling overheads | 20 000 |
| fixed administration overheads | 100 000 |

If absorption costing is applied, what is the gross profit on each unit sold?

- A** \$21.00 **B** \$36.00 **C** \$43.50 **D** \$46.00