

- 29** A company manufactures three products: X, Y and Z. The table provides per unit information concerning the three products.

per unit	product X \$	product Y \$	product Z \$
selling price	100.00	120.00	130.00
direct material cost	40.00	45.00	48.00
direct labour cost	20.00	25.50	29.00
variable overhead cost	15.00	18.00	20.00
fixed overhead cost	18.00	18.00	27.00
profit	7.00	13.50	6.00

All three products are made from the same material.

If the material is in short supply, which manufacturing pattern will maximise profit?

	order of priority		
	1	2	3
A	Y	X	Z
B	Y	Z	X
C	Z	X	Y
D	Z	Y	X

- 30** Why would a business use cost–volume–profit analysis?

- A** to act as a basis for long-term planning
- B** to assist in the valuation of inventory
- C** to decide which costs are fixed and which are variable
- D** to understand the relationship between sales volume and profit