

26 Which changes would result in a decrease in the margin of safety?

	unit variable cost	total fixed costs
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

27 A business provided the following information.

total fixed costs	\$12 000
break-even point	1500 units
unit variable costs	\$12

What was the contribution to sales ratio?

- A** 12.5% **B** 40% **C** 60% **D** 66.67%

28 A company provides the following information about its product.

selling price	\$100
variable cost per unit	\$40
fixed costs	\$21 600
break-even point	360 units

If the business changes its production method, contribution will increase by 10% and fixed costs will increase by 5%.

What would be the effect on the break-even point?

- A** decrease by 16 units
B decrease by 18 units
C increase by 16 units
D increase by 18 units