

24 The following information is available for a business.

budgeted sales per month	500 units
selling price per unit	\$30
variable cost per unit	\$24
budgeted monthly fixed costs	\$600

The business plans to rent a machine which will increase monthly fixed costs to \$2400 and reduce variable costs to \$18 per unit.

What will be the effect on the margin of safety of the business?

- A** increase by 100 units
- B** increase by 150 units
- C** reduce by 100 units
- D** reduce by 150 units

25 The following information concerning a product is available.

	\$ per unit
selling price	10.00
variable labour costs	3.50
production material costs	2.50
break-even point	2500 units

What is the total fixed cost?

- A** \$10 000 **B** \$15 000 **C** \$16 250 **D** \$18 750