

22 The owner of a business has to decide whether to sell a particular type of product.

Which ratio is the most useful in making the decision?

- A** current ratio
- B** gross profit ratio
- C** return on capital employed
- D** trade receivables turnover

23 Which statement best describes a sunk cost?

- A** a cost which is irrelevant for the future
- B** a cost which must be matched against the revenue
- C** a cost which remains the same at all levels of production
- D** a cost which varies with the level of production

24 A business has the following costs.

raw materials \$3 per unit

direct labour \$2 per unit

stepped costs of \$5000 for every 10 000 units

What is the cost of producing 15 000 units?

- A** \$75 000 **B** \$82 500 **C** \$85 000 **D** \$105 000

25 Which statement best describes fixed costs?

- A** costs that are constant in total over a range of output.
- B** costs that are the same in total over any output level.
- C** costs that are constant per unit as output increases.
- D** costs that are the same as stepped costs.

26 Which costs are classified as manufacturing overheads for a car assembly plant?

- 1 assembly line employees' wages
- 2 cost of components assembled
- 3 depreciation of assembly line equipment
- 4 production managers' salaries

- A** 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4