

**26** The data shows the budget of a small manufacturing company.

sales in units	6 000	12 000
	\$	\$
direct materials	18 000	36 000
direct labour	6 000	12 000
production overheads	33 000	45 000
administrative overheads	27 000	27 000

The units are sold for \$16 each.

What is the break-even point in units?

- A** 2700                      **B** 3000                      **C** 4000                      **D** 4800

**27** A company uses direct labour hours to calculate the overhead absorption rate.

What results in over-absorption?

- 1 actual overheads exceed budgeted overheads
- 2 actual overheads are less than budgeted overheads
- 3 budgeted production is greater than actual production
- 4 budgeted production is less than actual production

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

**28** A company's limiting factor is production materials. It manufactures three different products.

Which product should it manufacture first in order to maximise profits?

- A** the product making the highest contribution per kilo of materials  
**B** the product making the highest number of unit sales  
**C** the product making the most contribution per unit  
**D** the product using the least materials per unit