

28 Which statement is an argument for using marginal costing?

- A** International accounting standards require use of marginal costing.
- B** Marginal costing data enables the use of decision-making techniques.
- C** Setting selling prices is made easier under marginal costing because all costs are considered.
- D** The distinction between fixed and variable overheads under marginal costing is no longer relevant.

29 The following information is available for a business.

| | |
|-------------------|---------------|
| total fixed costs | \$15 000 |
| variable cost | \$12 per unit |
| selling price | \$20 per unit |
| break-even point | 1875 units |

The business wants to reduce the break-even point to 1500 units.

Which strategy will **not** achieve the target break-even level?

- A** increasing the selling price to \$22 per unit
- B** reducing fixed costs to \$12 750 and reducing variable cost to \$11.50 per unit
- C** reducing fixed costs to \$12 800
- D** reducing variable costs to \$10 per unit

30 Which assumption does **not** apply for cost–volume–profit (CVP) analysis?

- A** All units produced are sold.
- B** Only a single type of product is produced and sold.
- C** Total fixed costs change over a period.
- D** Variable cost changes in direct proportion with sales volume.