27 The following information is available for a business.

	$
sales revenue	600 000
variable cost	180 000
break even sales revenue	400 000

What is the profit for the period?

A $120 000 **B** $140 000 **C** $280 000 **D** $300 000

28 Which statements about cost–volume–profit analysis are correct?

1 It assumes costs and revenues behave in a linear fashion.

2 It assumes that only activity levels are uncertain.

3 It considers activity levels, marginal costs and revenues.

A 1 and 2 **B** 1 and 3 **C** 1 only **D** 2 only

29 A company is forecasting its profits at two levels of activity.

sales units	5000	8000
	$	$
total fixed and variable costs	20 000	26 000
profit	15 000	30 000
sales revenue	35 000	56 000

Fixed costs and selling prices are unchanged within the above activity range.

What is the forecast profit if sales were 7000 units?

A $21 000 **B** $25 000 **C** $26 000 **D** $26 250

30 Why would a business prepare budgets?

1 to communicate its plans

2 to enable it to control costs