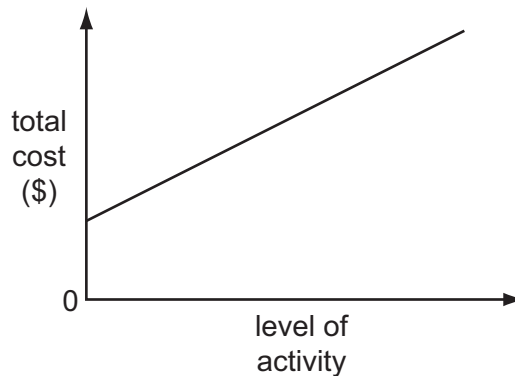


25 Which item is a variable production cost?

- A** cleaner's wages
- B** depreciation of equipment
- C** factory business rates
- D** purchases of raw materials

26 The diagram illustrates the cost behaviour of a typical telephone invoice.



Which term best describes the behaviour of this cost?

- A** fixed
- B** semi-variable
- C** stepped
- D** variable

27 'Contribution' is an important feature of marginal costing.

How can the total contribution from a given activity be calculated?

- A** total direct costs minus total profit
- B** total fixed costs plus total profit
- C** total sales minus total fixed costs
- D** total sales minus total profit

28 A business forecasts its margin of safety for the next month as 20 % of budgeted sales. It expects to sell 10 000 units in the month. The selling price per unit is \$5 and the marginal cost is \$3.50.

What is the forecast fixed cost?

- A** \$12 000
- B** \$12 500
- C** \$15 000
- D** \$18 000