

**27** The following information relates to two production departments of a manufacturing business.

	assembly	polishing
prime cost (\$000)	880	1100
indirect overheads (\$000)	996	1363
machine hours (000)	100	150
labour hours (000)	75	220

What are the overhead absorption rates?

	assembly \$	polishing \$
<b>A</b>	9.96	6.20
<b>B</b>	13.28	9.09
<b>C</b>	18.76	11.20
<b>D</b>	25.01	16.42

**28** A manufacturer has a total production cost of \$50 000 to make 20 000 units. This increases to \$60 000 if production is increased to 25 000 units.

What is the total cost of 35 000 units?

**A** \$70 000      **B** \$80 000      **C** \$84 000      **D** \$87 500

**29** A company provides the following information about its product.

selling price	\$100
variable cost per unit	\$40
fixed costs	\$21 600
break even point	360 units

If the business changes its production method, contribution will increase by 10% and fixed costs will increase by 5%.

What would be the effect on the break even point?

**A** decrease by 16 units  
**B** decrease by 36 units  
**C** increase by 6 units  
**D** increase by 18 units