

- 27** Gareth makes and sells bread. He has calculated how many loaves he needs to sell each day in order to break even.

Which factor helps him accurately analyse his break-even point?

- A** All of his production is sold on the day it is made.
- B** He sells several different types of bread.
- C** Seasonal effects cause the cost of flour to vary.
- D** Selling prices are reduced at the end of the day.

- 28** A business has the following information about a type of product.

current production and sales	8000 units
unit selling price	\$20
unit variable cost	\$12
total fixed costs	\$25 000

What will happen to the break-even point and the margin of safety if fixed costs increase to \$32 000?

	break-even point	margin of safety
A	decrease by 875 units	decrease by 875 units
B	decrease by 875 units	increase by 875 units
C	increase by 875 units	decrease by 875 units
D	increase by 875 units	increase by 875 units