

25 What will result in an increase in the margin of safety for a business?

- A** accepting higher trade discounts from suppliers and offering overtime to labour
- B** accepting higher trade discounts from suppliers but not offering overtime to labour
- C** not accepting higher trade discounts from suppliers but offering overtime to labour
- D** not accepting higher trade discounts from suppliers and not offering overtime to labour

26 A chemical plant produces a batch of 50 000 units. Direct materials cost \$400 000. Direct labour is 1000 hours at a cost of \$60 000, and overheads are absorbed at the rate of \$60 per direct labour hour.

What is the cost of **one** unit?

- A** \$8.00 **B** \$9.20 **C** \$10.40 **D** \$14.00

27 A company paid the following telephone costs.

month	number of customer enquiries	total cost \$
1	250 000	425 000
2	350 000	575 000

Telephone costs are a semi-variable cost.

What would be the total telephone costs incurred for 305 000 enquiries?

- A** \$501 071 **B** \$507 500 **C** \$508 333 **D** \$518 500

28 The production of a business is limited by a shortage of direct material.

What must be calculated to prepare the most profitable production plan?

- A** contribution per unit of limiting factor
- B** contribution per unit of production
- C** profit per unit of limiting factor
- D** profit per unit of production