

28 A company makes and sells a single product type which has a selling price of \$20 per unit.

Variable costs are \$8 per unit.

Total fixed costs are \$7000.

The company wishes to achieve a target profit of \$20 000.

How many units should be produced and sold to achieve the target profit?

- A** 1000 **B** 1350 **C** 1667 **D** 2250

29 Last year a company sold 2000 units and made a contribution of \$50 per unit. After deducting total fixed costs, profit was \$60 000.

This year:

sales volume increased by 10%

contribution per unit decreased by 5%

total fixed costs increased by 25%.

What was the company's profit this year?

- A** \$45 000 **B** \$54 500 **C** \$60 000 **D** \$64 500

30 Which statement does **not** apply to budgeting?

- A** Budgets are plans that guide management to achieve strategic objectives.
- B** Budgeted outcomes should be compared with actual results so that effective management action can be taken.
- C** Budgets should be easily achieved so that managers appear to be efficient.
- D** Management should communicate and coordinate budgets across all levels of management.