

28 The fixed costs of a business increase. All other revenues and costs remain unchanged.

What happens if output is unchanged?

	contribution per unit	break-even point per unit	margin of safety per unit
A	decreases	decreases	decreases
B	increases	no change	increases
C	no change	increases	decreases
D	no change	increases	increases

29 A business manufactures three types of products which all use the same material. The following information is available.

	X \$	Y \$	Z \$
selling price	160	190	240
direct material	56	68	90
direct labour	35	32	50
variable overhead	<u>28</u>	<u>34</u>	<u>45</u>
contribution	<u>41</u>	<u>56</u>	<u>55</u>

Direct material is in short supply.

In which order should the products be manufactured to maximise profits?

- A** X → Y → Z
- B** Y → X → Z
- C** Y → Z → X
- D** Z → Y → X

30 Which statements about a budgetary control system are correct?

- 1 It can encourage departmental rivalry.
- 2 It will always improve staff motivation.