

**26** Which is **not** a characteristic of job costing?

- A** Each cost unit is separately identifiable.
- B** Production involves repetitive operations.
- C** Production is based on specific customer orders.
- D** Production is usually of short duration.

**27** A business plans to replace its computer systems. Its existing hardware was bought seven years ago and its software five years ago.

What type of cost is the existing system?

- A** fixed
- B** stepped
- C** sunk
- D** variable

**28** A business manufactures three products which all use the same material. The following information is available.

	X \$000	Y \$000	Z \$000
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