

28 The budget for a product is shown.

unit sales	620 000
	\$
selling price per unit	31
variable cost per unit	16
contribution per unit	<u>15</u>
fixed costs	\$7 500 000

If the fixed costs rise to \$7 800 000, the selling price is reduced to \$29 per unit, and the variable cost remains unchanged at \$16 per unit, the sales are likely to reach 660 000 units.

By what percentage will the break-even point increase?

- A** 4.0 % **B** 11.2 % **C** 16.7 % **D** 20.0 %

29 When are the reported profits under marginal costing and absorption costing principles the same amount?

- A** when sales revenue exceeds cost of sales
B when units produced equals sales in units
C when units produced exceeds sales in units
D when unit sales exceeds production in units

30 A business provides the following information.

month	number of labour hours	overheads \$
May	68 000	986 000
June	134 000	1 316 000

The variable overhead rate per labour hour was \$5.

What was the monthly fixed overhead cost?

- A** \$330 000 **B** \$340 000 **C** \$646 000 **D** \$670 000