26 The data relate to the production of three products.

	product X $	product Y $	product Z $
contribution per unit	160	175	190
fixed overhead per unit	125	130	160
labour hours per unit	1	1.25	0.75

The company is experiencing a shortage of labour.

In which order should the products be ranked to maximise profit?

	1	2	3
A	X	Y	Z
B	Y	X	Z
C	Z	X	Y
D	Z	Y	X

27 A company has the following budgeted information for May.

	$
selling price (per unit)	120
variable costs (per unit)	80
total fixed costs	56 000

The company is planning to buy a new machine which will reduce the variable costs by 20% and increase fixed costs by 20%.

What is the change in break-even sales in units?

A increase by 200 units

B decrease by 200 units

C increase by 700 units

D decrease by 700 units

28 What does cost–volume–profit analysis assume causes costs to change?

1 production methods

2 sales mix

3 sales volume

A 1 and 2 **B** 1 only **C** 2 and 3 **D** 3 only