

26 How is contribution calculated?

- A** sales revenue minus cost of goods sold
- B** sales revenue minus fixed costs
- C** sales revenue minus variable costs
- D** sales revenue minus (variable costs + fixed costs)

27 A company has the following budgeted information.

	\$
revenue	800 000
contribution	480 000
fixed production costs	300 000
fixed non-production costs	120 000

What is its budgeted break-even sales revenue?

- A** \$500 000 **B** \$700 000 **C** \$750 000 **D** \$1 050 000

28 Which statements describe assumptions made when using cost–volume–profit analysis?

- 1 Costs can be accurately divided into their fixed and variable parts.
- 2 Costs cannot be accurately divided into their fixed and variable parts.
- 3 There are multiple products or a varying sales mix.
- 4 There is a single product or constant sales mix.

- A** 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

29 The following budgeted information relates to a business that manufactures two products.

	product X \$	product Y \$
selling price per unit	120	130
marginal cost per unit	110	115

The budgeted fixed costs for the period are \$400 000.

The forecasted sales quantity of product X for the period is 25 000 units.

The business has a target profit for the period of \$180 000.

How many units of product Y must be sold to achieve the target profit for the period?

- A** 10 000 **B** 12 000 **C** 22 000 **D** 33 000