

- 25** Which values per unit are **not** sufficient to enable the calculation of the contribution to sales ratio?
- A** contribution, fixed cost
  - B** selling price, fixed cost, profit
  - C** selling price, variable cost
  - D** variable cost, fixed cost, profit
- 26** Which statement concerning the break-even point is correct?
- A** At the break-even point a company makes a profit.
  - B** Contribution equals fixed costs at the break-even point.
  - C** Fixed costs are equal to sales revenue at the break-even point.
  - D** Variable costs equal fixed costs at the break-even point.
- 27** Which assumptions about cost–volume–profit analysis are correct?
- 1 Many different factors cause costs and revenues to change.
  - 2 Selling price and variable cost per unit are usually constant.
  - 3 Selling price and variable cost per unit change.
  - 4 The only factor causing costs and revenues to change is volume.
- A** 1 and 2      **B** 1 and 3      **C** 2 and 4      **D** 3 and 4

- 28** For the month of April a business manufactured 4000 units and sold 3600 units.

The following total costs have been incurred.

|                               | \$      |
|-------------------------------|---------|
| direct materials              | 80 000  |
| direct labour                 | 120 000 |
| variable production overheads | 36 000  |
| variable selling commission   | 18 000  |
| fixed production overheads    | 144 000 |

There was no opening inventory.

The business values inventory using marginal costing.

What is the value of the closing inventory?

- A** \$20 000      **B** \$23 600      **C** \$25 400      **D** \$39 800