

26 Which statement describes a cost centre rather than a cost unit?

- A** a location where only variable costs are incurred
- B** a measurable part of a product or service
- C** a part of a product or service for which costs are calculated
- D** any location where costs are incurred

27 A business marks up all of its products by 20% on total cost to calculate a selling price.

Each unit of product uses 4 hours of direct labour and 2 kilos of direct material.

The correct overhead absorption rate to be used is \$8 per direct labour hour.

In error the book-keeper used a rate of \$13 per direct labour hour.

What was the effect of this error on the selling price of one unit of the product?

- A** \$5 **B** \$12 **C** \$20 **D** \$24

28 The following budgeted information is available for a business.

	\$
fixed costs	120 000
profit	88 000
variable costs	52 000

What is the budgeted break-even point in sales revenue?

- A** \$120 000 **B** \$150 000 **C** \$172 000 **D** \$208 000