

28 Which statements about marginal costing are correct?

- 1 It only uses fixed and variable costs in calculations.
- 2 It only uses variable costs in calculations.
- 3 It should only be used for long-term planning decisions.
- 4 It should only be used for short-term planning decisions.

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

29 A business makes and sells a single type of product. The following information is available.

per unit	\$
selling price	10.80
direct material	2.20
direct labour	4.20

The business also has a semi-variable overhead associated with this type of product. The overhead is \$32 000 when output is 20 000 units, but rises to \$40 000 when output is 40 000 units.

What is the break-even point for this type of product?

- A** 5455 units
- B** 6000 units
- C** 7273 units
- D** 8000 units

30 What is the purpose of cost–volume–profit analysis?

- A** comparing actual and budgeted costs
- B** organising resources in the most efficient way
- C** planning to achieve targeted profit
- D** preparing annual financial statements