

- 26** The costs of producing 1000 units of a product are as follows.

	\$
direct materials	20 000
direct labour	10 500
direct expenses	1 600
variable overheads	11 300
fixed overheads	7 500

The selling price is \$60 per unit and 1000 units are sold.

What is the contribution to sales ratio?

- A** 15.17% **B** 27.67% **C** 30.33% **D** 46.50%

- 27** A business produces a single product. The following information is available for a month.

budgeted sales quantity	200 units
selling price per unit	\$40
variable cost per unit	\$24
budgeted monthly fixed costs	\$800

The business plans to rent a machine which will increase monthly fixed costs by \$1200 to \$2000 and reduce variable costs to \$20 per unit.

What would be the effect of this on the margin of safety?

- A** decrease by 50 units
B decrease by 90 units
C increase by 50 units
D increase by 90 units

- 28** A business hires machinery at a cost of \$700 per machine per month. Each machine can produce 1000 units a month. A maximum of 10 machines can fit into the factory. The factory rent is \$4900 per month. Other costs amount to \$2 per unit.

What is the unit cost if 8500 units are produced in a month?

- A** \$3.19 **B** \$3.23 **C** \$3.28 **D** \$3.32