

25 Which cost will fall as production is reduced?

- A** fixed costs per unit
- B** total fixed costs
- C** total variable costs
- D** variable costs per unit

26 A particular cost is classified as 'semi-variable'.

What effect will a 20 % reduction in activity have on the unit cost?

- A** decrease by 20 %
- B** decrease by less than 20 %
- C** increase by 20 %
- D** increase by less than 20 %

27 A business uses job costing to calculate the cost of vehicle repair jobs.

Overheads are allocated on an absorption costing basis.

What is the effect of this method of allocation?

- A** overheads will include both fixed and variable overhead costs
- B** overheads will include direct costs only
- C** overheads will include fixed overhead costs only
- D** overheads will include variable overhead costs only

28 A company has a product which sells for \$1 per unit. The variable costs are \$0.60 per unit, and production of 200 000 units is planned.

Fixed costs are \$0.20 per unit at the budgeted production level.

What is the break-even level?

- A** 40 000 units **B** 66 667 units **C** 100 000 units **D** 160 000 units

29 How is total contribution calculated?

- A** actual sales revenue less break-even sales revenue
- B** sales revenue less fixed costs
- C** sales revenue less total costs
- D** sales revenue less variable costs