

28 A business that uses flexible budgets shows the following:

units of output	100 000	110 000
total fixed and variable costs	\$400 000	\$425 000

What are fixed costs?

- A** \$125 000 **B** \$150 000 **C** \$250 000 **D** \$275 000

29 A company makes a product for which the following information is given.

	per unit \$
selling price	100
direct materials	40
direct labour	30

Total fixed costs are \$40 000.

Planned production is 1000 units.

Which action should the company take to break-even?

- A** decrease direct labour cost by 30%
B decrease direct material cost by 25%
C increase direct labour cost by 30%
D increase direct materials cost by 25%

30 What is the objective of a system of budgetary planning and control?

- A** to determine next year's production
B to determine next year's profits
C to motivate the manufacturing staff
D to provide a system for communication, coordination and control