

28 A company provides the following information for a year.

	\$
sales	400 000
total variable costs	<u>240 000</u>
total contribution	160 000
total fixed costs	<u>100 000</u>
profit for the year	60 000

To increase the sales volume by 20%, the company plans to reduce the selling price by 10%. Total fixed costs and variable cost per unit will remain unchanged.

By how much will profit for the year change?

- A** 8% increase
- B** 10% decrease
- C** 21.33% increase
- D** 26.67% decrease

29 A business makes and sells a single product. The budget for sales of 5000 units is as follows:

per unit	\$
selling price	75.00
variable production cost	25.00
fixed production cost	18.90
variable selling expenses	5.00

The company plans to reduce the selling price to \$60 per unit.

How many **extra** units will need to be sold to break even?

- A** 810 **B** 1050 **C** 2100 **D** 3150

30 Which statements about a budgetary control system are correct?

- 1 It is a long-term plan.
- 2 It is a short-term plan.