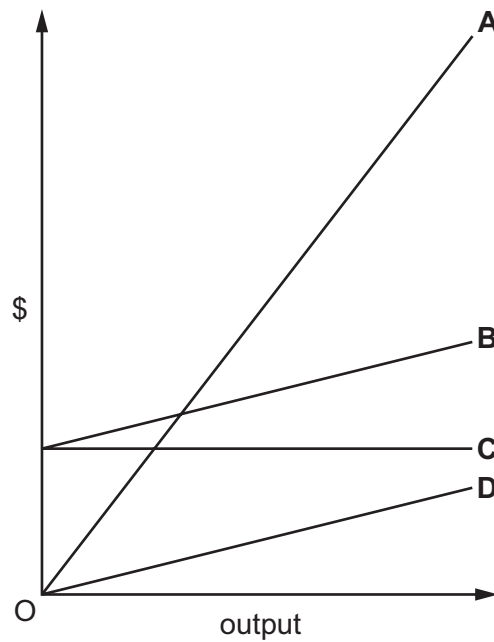


**25** Which line represents total variable cost?



**26** The following information is available in respect of a product.

per unit	\$
selling price	25
variable costs	15
contribution	<u>10</u>

Production is 50 000 units.

The fixed costs are \$300 000. The margin of safety is 20 000 units.

The directors propose to increase the unit selling price by 10%.

What will be the percentage increase in the margin of safety?

- A** 13.6%      **B** 20%      **C** 30%      **D** 36.4%

**27** A company makes a single product and sells it for \$12 per batch.

The variable cost is \$4 per batch.

Fixed costs have been absorbed based on a normal activity level of 1000 batches at \$3 per batch.

What is the profit under marginal costing if the company makes and sells 1500 batches?

- A** \$6000      **B** \$7500      **C** \$9000      **D** \$12 000