25 A business had no opening inventory. In one month it produced 4000 units and sold 3500 units. The following information is available.

	per unit $
selling price	70
variable cost	30
fixed cost	15

How would inventory value and profit vary between using absorption costing and marginal costing?

	inventory value	profit
A	absorption costing higher by $7500	absorption costing higher by $7500
B	absorption costing higher by $7500	absorption costing lower by $7500
C	marginal costing higher by $7500	marginal costing higher by $7500
D	marginal costing higher by $7500	marginal costing lower by $7500

26 Which costs are part of the marginal cost of a product?

1 direct material

2 fixed production

3 fixed selling and distribution

4 variable production

A 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4

27 A company provided the following information.

	$
variable costs	540 000
contribution	360 000
fixed production costs	100 000
fixed selling and distribution costs	320 000

What is its budgeted break-even sales revenue?

A $420 000 **B** $460 000 **C** $700 000 **D** $1 050 000