

28 The information relates to the production of 50 000 units of a product.

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

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

The unit selling price is increased by 10%.

What is the percentage increase in the margin of safety?

- A** 13.6 % **B** 20 % **C** 24.2 % **D** 30 %

29 A company manufactures and sells a single product.

At an output of 1000 units per month the budget shows

	\$
selling price	120 000
variable cost	40 000
fixed cost	50 000
profit	<u>30 000</u>

Fixed costs are due to increase by \$10 000 per month and the selling price will be increased to maintain the profit at \$30 000.

What is the effect on the break-even point to the nearest unit?

- A** decrease by 42 units
B increase by 42 units
C decrease by 125 units
D no change