

27 A business manufactures three products.

The following information was provided.

per unit	X \$	Y \$	Z \$
selling price	450	350	400
direct material	160	100	150
direct labour	115	95	190
contribution	175	155	60
fixed overheads	135	110	10
profit	40	45	50

Direct labour is in short supply. All direct labour is paid at the same hourly rate.

Which order of production should be used to maximise the profit?

A X → Z → Y

B X → Y → Z

C Y → X → Z

D Z → Y → X

28 The following information is available for a month.

per unit	\$
selling price	100
contribution	30

Total fixed costs were \$100 000 and budgeted sales were 5000 units.

The directors think that if they reduce the unit selling price to \$95, sales will increase to 6500 units a month.

What would be the increase in profit as a result of this?

A \$12 500

B \$32 500

C \$45 000

D \$77 500