

26 The following budgeted information is available for a business.

| | \$ |
|--------------------------------------|---------|
| revenue | 650 000 |
| variable costs | 390 000 |
| fixed non-production cost | 150 000 |
| fixed selling and distribution costs | 90 000 |

What is its budgeted break-even sales revenue?

- A** \$250 000 **B** \$375 000 **C** \$400 000 **D** \$600 000

27 Which statements relating to marginal costing are correct?

- 1 Fixed production costs are included in inventory valuations.
- 2 Fixed production costs are fully written off as an expense.
- 3 Variable production costs are included in inventory valuations.
- 4 Variable production costs are fully written off as an expense.

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

28 A business makes and sells four products **A**, **B**, **C** and **D**.

Which product should be produced first when labour hours are **not** sufficient to produce all four products?

| | selling price \$ | variable costs \$ | labour hours \$ |
|----------|---------------------|----------------------|--------------------|
| A | 10 | 15 | 1 |
| B | 35 | 10 | 5 |
| C | 50 | 30 | 2 |
| D | 75 | 57 | 3 |

29 When does cost–volume–profit analysis inform users about cost behaviour?

- A** when different time periods are involved and when absorption costing is used
B when different time periods are involved and when marginal costing is used
C when the level of output changes and when absorption costing is used
D when the level of output changes and when marginal costing is used