

**26** The data relate to the production of three products.

	product X \$	product Y \$	product Z \$
contribution per unit	160	175	190
fixed overhead per unit	125	130	160
labour hours per unit	1	1.25	0.75

The company is experiencing a shortage of labour.

In which order should the products be ranked to maximise profit?

	1	2	3
<b>A</b>	X	Y	Z
<b>B</b>	Y	X	Z
<b>C</b>	Z	X	Y
<b>D</b>	Z	Y	X

**27** A company has the following budgeted information for May.

	\$
selling price (per unit)	120
variable costs (per unit)	80
total fixed costs	56 000

The company is planning to buy a new machine which will reduce the variable costs by 20% and increase fixed costs by 20%.

What is the change in break-even sales in units?

- A** increase by 200 units
- B** decrease by 200 units
- C** increase by 700 units
- D** decrease by 700 units

**28** What does cost–volume–profit analysis assume causes costs to change?

- 1 production methods
- 2 sales mix
- 3 sales volume

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