

Q1. Which of the following costs is a variable cost?

Rent

Raw materials

Advertising

Q2. Which of the following is a fixed cost?

Raw materials

Electricity

Rent

Q3. Which of the following calculations gives the total costs of a business?

Adding fixed costs to sales revenue

Subtracting variable costs from sales revenue

Adding variable costs to fixed costs

Q4. What would the variable costs be if the output level were zero?

Equal to fixed costs

Zero

Equal to sales revenue

Q5. On a break-even chart, which line does sales revenue meet at the break-even point?

Variable costs

Total costs

Fixed costs

Q6. Which lines are normally plotted on a break-even chart?

Total costs, variable costs and fixed costs

Sales revenue, variable costs and fixed costs

Sales revenue, total costs and fixed costs

Q7. At what point does total revenue equal total costs?

Break-even point

Contribution

Total costs

Q8. How would you calculate selling price per unit from a break-even chart?

Sales revenue divided by output

Total costs minus fixed costs then divided by sales revenue

Fixed costs divided by sales revenue minus variable costs

Q9. The difference between actual output and the break-even point is known as?

Contribution

Margin of safety

Profit

Q10. What are fixed costs divided by to calculate the break-even point?

Selling price

Sales revenue

Contribution