

Home work

Exercise 1

The information below has been achieved from a bank industry:

Fixed Factory Overheads Cost	60,000
Fixed Selling Overheads Cost	12,000
Variable Manufacturing Cost per unit	12
Variable Selling Cost per unit	3
Selling Price per unit	24

Required//

- 1) Calculate the break-even point in units and dollars! Using only equation method
 - 2) How many units must be sold to achieve a profit of \$90,000? Using only equation method
-

Exercise 2

- Fixed Costs = \$ 90,000
- Variable Cost per unit:
- Direct Material = \$ 5
- Direct Labour = \$ 2
- Direct Overheads = 100% of Direct Labour
- Selling Price per unit = \$ 12

Required//

1. Calculate the Break-even point by dollar and unit using equation and contribution method
 2. Compute dollar sales to achieve target profit of \$450,000
-

Exercise 3

The company makes a loss of \$40,000 and the relevant information is as follows:

sales of \$120,000; Variable costs \$60,000; Fixed price of \$100,000.

The loss can be compensated for either by an increase in the selling price or by an increase in the sales volume.

Required (a)

What is a breaking-even in dollar if the current sales level is maintained and the selling price increased?

Required (b)

In the case of maintaining the current selling price and increasing the sales volume

What would the sales be if it required a profit of \$100,000?