6-21

Req :3 I/S

Sales 19000\*40=760000

\_VE 19000\*25=475000

CM 285000

\_ FE 300000

Net operating Income (15000)

Req:5

Sales 23500 \*40=940000

\_ VE (20000\* 25+ 598000

 3500\* 28=)

 CM 342000

\_ FE 300000

Net operating Income 42000

6.Break even point in units=300000/15=20000 units

Sales =800000 Tk

Units=27133

Sales=1085333

I should not recommend this change

6-11:

Selling price per person /per ticket 35 Tk

Variable cost per person Tk 20(18+2)

CM per person Tk 15

Fixed expense 6000 Tk

1. Break even point in units= 6000/15=400 units
2. BEP in units=6000/CM per unit

 CM per unit= 6000/300=20 Tk per unit

 VE per unit 20 Tk

 Selling price per unit 20 + 20 =40 Tk

 3) Graph

Chi Omega Sorority is planning its annual Riverboat Extravaganza. The Extravaganza committee has

assembled the following expected costs for the event:

Dinner (per person) . . . . . . . . . . . . . . . . . . . . . . . $18

Favors and program (per person) . . . . . . . . . . . . $2

Band . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $1,000

Tickets and advertising . . . . . . . . . . . . . . . . . . . . $500

Riverboat rental . . . . . . . . . . . . . . . . . . . . . . . . . . $4000

Floorshow and strolling entertainers . . . . . . . . . . $500

The committee members would like to charge $35 per person for the evening’s activities.

Required:

1. Compute the break-even point for the Extravaganza (in terms of the number of persons that must

attend).

2. Assume that only 300 persons attended the Extravaganza last year. If the same number attend this

year, what price per ticket must be charged to break even?

3. Refer to the original data ($35 ticket price per person). Prepare a CVP graph for the Extravaganza

from zero tickets up to 600 tickets sold.

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