

ACCT 2301 SU1 2009: Additional CVP Problems

1. The Wry Company has sales of \$100,000 with variable costs totaling \$80,000, fixed costs of \$40,000, and an operating loss of \$20,000. By how much would sales have to increase to achieve a breakeven point?
 - a. \$20,000
 - b. \$40,000
 - c. \$100,000
 - d. \$200,000
 - e. None of the above

2. If fixed costs are \$450,000, the unit selling price is \$75, and the unit variable costs are \$50, what happens to the break-even point in sales (units) if the sales price is increased by \$10 per unit, the variable cost is increased by \$5 per unit, and the fixed costs are decreased by \$25,000?
 - a. The breakeven point increase
 - b. The breakeven point decreases
 - c. The breakeven point remains the same
 - d. The breakeven point will double
 - e. There is not enough information to determine

3. Chandler Company would like to have a profit of \$80,000 for 2006. Fixed costs for 2006 will be \$50,000. The sales price per unit is \$125. The company has a contribution margin ratio of 40%. How many units does Chandler Company need to sell in 2006 to earn the desired profit?
 - a. 125,000
 - b. 1,000
 - c. 325,000
 - d. 2,600
 - e. None of the above

4. If fixed costs are \$850,000 and variable costs are 75% of sales, what is the break-even point (dollars)?
 - a. \$1,133,333
 - b. \$1,983,333
 - c. \$3,400,000
 - d. \$2,550,000
 - e. None of the above

5. The Neter Company has determined that it needs to sell 5,000 units during 2007 in order to earn its desired profit. The company has fixed costs of \$35,000, a sales price of \$18 per unit, and variable costs of \$6 per unit. Based on the given information, what is the company's target profit for 2007?
 - a. \$90,000
 - b. \$60,000
 - c. \$35,000
 - d. \$25,000
 - e. None of the above