

Culture



**ASSIGN
BUSTER**

Question 2-48 | 2006 | 10% increase | 2007 | Net Sales | 68, 222. 00 | 6, 822. 20 | 75, 044.

20 | Cost of product sold | 33, 125. 00 | 3, 312. 50 | 36, 437. 50 | Selling, gen & Admin | 21, 848. 00 | | 21, 848. 00 | Operating Income | 13, 249.

00 | ? | 16, 758. 70 | % | 19. 42 | | 22. 33 | | | | The percentage of income differs from the increase in sales because the selling, general, and administrative expenses remained constant while the company produced 10% more product. Because the company only increased the direct costs associated with production, the numbers reflect more efficiency as the percentage of operating income increased from 19.

42 to 22. 33 percent.

-----Question 2-61 | | Old | | New | | Unit variable cost | | | | | Material | | 0. 88 | | 0.

88 | | Labor | | 1. 22 | | 0. 22 | | Total per unit | | 2. 1 | ? | 1. 1 | | | | | | Monthly fixed | | | | | Rent | | 450000 | | 875000 | | super labor | | 80000 | | 175000 | | other | | 50000 | | 90000 | | Total | | 580000 | ? | 1140000 | | | | | | | 3 | | | | | Profit @3. 10 | 600, 000 | 1, 260, 000 | | 660, 000 | | 1860000 | | 580, 000 | | 1, 140, 000 | | | | 1, 840, 000 | | 1, 800, 000 | | | | | | | | 20, 000 | | 60, 000 | | | | | | | | | | Contributed margin | 1 | | 2 | | | | | | Break even - | | 580000 | | 570000 | | | | | | Based on this calculation, 600, 000 units are enough to see profits. 600, 000*2. 1 ??“ fixed expenses generated a profit of 20, 000.

\$110,000 | \$110,000 | \$110,000 | | | | Break even in units | 2,500 | 1,486
 | 2,200 | | | | Break even in dollars | \$247,500 | \$191,757 | \$217,800 | | | |
 | | | | 1 ??“ The break even points in units are 2500 and 247500 in
 dollars2 ??“ The increased selling price allowed for greater profit margin
 which reduced the break even points in both units and dollars3 - The 6.00
 change in variable cost did reduce the break even points compared to
 Proposal A which would indicate some efficiency occurred to reduce the
 variable cost. When comparing to Proposal B the impact wasn't as
 significant because the sale price remained consistent with Proposal A verse
 the 30.00 increase in sale price shown in Proposal B; which allows for
 greater profit margin.

-----Question 3-35