Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**17. Break-even analysis Mark: /20**

1. Company A has a selling price of £8.90. Its variable cost per unit is £3.50. What is its contribution per unit? /2 marks

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1. Company B has a selling price of £23. Its contribution per unit is £11.50. What is the variable cost per unit? /2 marks

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1. Company C has total contribution of £15 000. Its VC per unit is £2.80. It sells 2 000 units. What is the selling price per unit? /3 marks

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1. The following items of data belong to company D:
	* Selling price per unit £10
	* Total variable cost £3 400
	* Fixed costs £9 130
	* Sales 2 000 units
2. What is the contribution per unit? /3 marks

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1. What is the break-even level of output? /3 marks

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1. What is the break-even margin of safety? /2 marks

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1. What profit/loss is made? /2 marks

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1. What would the profit/loss be if sales fell by 25%? /3 marks

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Why might a start-up business set an objective of achieving the break-even level of output.