**Telegram Channel: AcFn Second Year**

**Link: t.me/acfn2nd**

**Submission Date: May 15, 2012 Ec.**

Individual Assignment 10%

1. The Ethiopian National theater sales a ticket for Br 16 and incurs the variable expense of Br 10 per ticket and Br 48,000 fixed expenses per month.

**Required:**

1. Compute the company’s CM per unit and CM ratio?
2. Compute the break even volume of tickets
3. Compute BEP in sales Birr
4. Draw the cost volume profit graph
5. How many ticket must be sold to make a profit of Br 3,600
6. Prepare income statement if 8,600 tickets are sold.
7. Compute the target net income. (Assume all facts in D and 40% tax rate)
8. The Express Banquet has two restaurants that are open 24-hours a day. Fixed costs for the two restaurants together total $459,000 per year. Service varies from a cup of coffee to full meals. The average sales check per customer is $8.50. The average cost of food and other variable costs for each customer is $3.40. The income tax rate is 30%. Target net income is $107,100.

**Required:**

1. Compute the target operating income needed to earn the target net income.
2. How many customers are needed to break even?
3. How many customers are needed to earn net income of $107,100?
4. Compute target net income if the number of customers is 170,000.
5. Suppose Doral Corp.’s breakeven point is revenues of $1,100,000. Fixed costs are $660,000.
6. Compute the contribution margin percentage. **Required**
7. Compute the selling price if variable costs are $16 per unit.
8. Suppose 95,000 units are sold. Compute the margin of safety in units and dollars.
9. Assume Mekdela Amba university charges different tuition rates to different extension students based on the students level of financial need. The data below pertain to Mekdela Amba university:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Tuition per student | Variable cost per student | Percentage of total students |
| No financial need | Birr 50,000 | Birr 10,000 | 50% |
| Moderate financial need | Birr 20,000 | Birr 10,000 | 40% |
| High financial need | Birr 10,000 | Birr 10,000 | 10% |

If Mekdela Amba university has birr 30,000,000 in fixed costs:

1. Calculate the contribution margin per unit for each category of students?
2. Calculate the weighted-average contribution margin per student for the sales mix?
3. How many students does it need to breakeven?
4. Calculate number students with no financial need, moderate financial need and high financial need at break-even point?
5. Calculate Break-even Point in dollars?

5. Trop Co. produces 3 kinds of fruit juice, whose costs, prices, and expected sales levels are provided below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Apple | Orange | Cranberry |
| Sales price per unit | $1.50 | $2.00 | $2.50 |
| Variable cost per unit | $0.50 | $0.50 | $0.50 |
| Expected sales units | 20,000 units | $20,000 units | 10,000 units |

Trop Co. has a total fixed cost of $84,000.

**Required:** Calculate Break-even Point in units and in dollars?