1. One Small Grill Company is a start up with the following profile:

 Unit selling price = $230; Variable cost per unit = $130; Fixed Costs = $36,000;

Tax rate = 40%. How many units should Small Grill sell to achieve an after-tax target

 income of $6,000?

A) 200

B) 460

C) 230

D) 300

2. JungleGym, a best-selling toy has a selling price of $15. If the contribution margin ratio is 40% and if the fixed costs are $60,000, how many JungleGyms must the company sell to realize a profit of $450,000?

A) 100,000

B) 30,000

C) 34,000

D) 85,000

3. A manufacturing company produces and sells 40,000 units of a single product. Variable costs total $80,000 and fixed costs total $120,000. If unit is sold for $8, what markup percentage is the company using?

A) 60%

B) 160%

C) 75%

D) 133%

4. Western Apparel Company owns two stores and management is considering eliminating the East store due to declining sales. Segmented contribution income statements are as follows and common fixed costs are allocated on the basis of sales.



Western feels that if they eliminate the East store that sales in the West store will decline by 25%. If they close the East store, overall company net income will:

A) decline by $90,000.

B) decline by $62,000.

C) decline by $85,625.

D) decline by $20,000.