Use the following data to answer problems 24 and 25.
CD New is a direct marketer of popular music. Following is information about its revenue and cost structure:

| | | | |
|---|---|---|---|
| Selling Price | $ | 13.00 | per CD |
| Variable Costs: | | | |
| Manufacturing | $ | 3.00 | per CD |
| Selling and Adminstrative | $ | 1.00 | per CD |
| Fixed Costs | | | |
| Production | $ | 1,000,000 | per year |
| Selling and Administrative | $ | 3,000,000 | per year |

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24
Assume that sales are expected to fall from 600,000 units this year to 500,000 units next year. CD New would like to raise the price next year (from the current $13.00) to achieve the same profits next year as they have this year. What would the sales price have to be next year, to generate the same profits next year as this year?
**Answer**

a) Somewhere between $15.00 and $15.99

b) Somewhere between $14.00 and $14.99

c) Somewhere between $13.00 and $13.99

d) Somewhere between $16.00 and $16.99

e) None of the above (provide the answer)

25
In which range does the break-even point fall? (Use the original data.)
**Answer**

a.) Between 300,000 and 350,000 units

b) Between 350,001 and 400,000 units

c) Between 400,001 and 450,000 units

d) Between 450,001 and 500,000 units

e) None of the above (provide the answer)