

Assignment 8: When you have completed this assignment, save your problems to a file (in either WORD .doc or EXCEL .xls format). Only one submission is allowed so make sure you have completed the assignment thoroughly. If you do not receive the results of your assignment within three days, let me know via course inbox.

1. Sporto Enterprises is considering the manufacture of a new type of golf ball. Each golf ball would sell for \$3.75 and would require \$1.75 in variable costs. In addition, annual fixed costs associated with the project would total \$64,000. Calculate:

- (a) the breakeven point in units
- (b) the breakeven point in dollars,
- (c) the operating income or loss at a sales volume of \$112,500
- (d) the number of golf balls that must be sold to earn a profit of \$80,000.

2. Cargo, Inc., has two products: Product D (unit sales price, \$25; unit variable cost \$15) and Product J (unit sales price \$14; unit variable cost, \$9). The company's sales mix of Product D and Product J is 4:1 and fixed costs are \$32,850.

- (a). Determine the weighted-average contribution margin.
- (b). Calculate the weighted-average breakeven point.
- (c). Compute the breakeven point for each product

3. The following are monthly totals taken from the log of a photocopying machine used by the Nagno Printer Co. Cost was based on a flat fee plus a declining cost per copy made after a minimum number of copies had been made each month.

Month Number of Copies Made Total Cost

January 35,200 \$2,114

February 30,400 2,016

March 32,900 2,102

April 40,300 2,505

May 38,400 2,422

June 48,900 2,756

To differentiate the variable and fixed costs in the use of this machine for future planning,

use the high-low method to:

- (a) determine the variable cost per copy

(b) compute the fixed and variable costs for the months of February and June.