

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

Worksheet Week 24

SUBJECT: ACCOUNTING

YEAR/LEVEL: 13

Strand 6: COST ACCOUNTING

Sub-strand 6.3: Cost Volume Profit (CVP) Analysis

Content Learning Outcome: Explore the cost volume profit analysis.

Greetings to all my students, this week (week 21) we will start with Sub-strand 6.3: Cost Volume Profit (CVP) Analysis. With the completion of this sub-strand we will complete the required coverage for year 13 Accounting as per modified syllabi. If there are any queries do contact me in our 13C Accounting Viber group.

Activity (Ref: Year 13 Accounting Trial Exam 2019)

The estimated monthly sales of a product priced at \$15 is 10 000 units. Variable costs include manufacturing costs of \$3 and distribution costs of \$2. Fixed costs are \$60 000 per month.

Required:

Calculate the following:

- a) **Unit** contribution margin.
- b) **Total** contribution margin
- c) Contribution margin **percentage**
- d) Monthly break-even **unit** sales volume.
- e) Monthly break-even in sales **dollars**.
- f) Monthly **profit**.
- g) Monthly margin of safety in **units**.
- h) Monthly margin of safety in **dollars**.
- i) Targeted level of output if they business desires to make net profit of \$50 000.

(Solutions of these activities will be provided later for verification, Best wishes for week 24 studies, take care and Stay Safe).

