



Republic of the Philippines
City of Olongapo

GORDON COLLEGE

Olongapo City Sports Complex, East Tapinac, Olongapo City
Tel. No. (047) 224-2089 loc. 314



LABORATORY

Seatwork

1. Selling price \$1.50, cost/bagel \$.80, fixed cost \$250 Breakeven point?

$$f = 250, s = 1.50, v = .80$$

$$x = f / (s - v)$$

$$x = 250 / (1.50 - .80)$$

$$\text{Breakeven Point} = \$357.14$$

2. Seeking a profit of \$1,000, selling price \$1.25, cost/bagel \$.50, 100 sold/day. What is fixed cost?

-The formula for fixed cost is "Fixed cost = Total production cost – (Variable cost per unit * Number of units produced)" or this formula:

$$FC = TC - (VC \times Q)$$

But there is still a missing information, which is the variable cost per unit and the total cost. To calculate the VC, get the difference between selling price and the cost per bagel.

$$VC = 1.25 - 0.50 = 0.75$$

Here, we got 0.75 as our vc. Now, I can calculate the TC and after that, the FC. Formula for TC:

$$TC = (VC \times Q) + \text{PROFIT}$$

$$TC = (0.75 \times 100) + 1000$$

$$TC = 75 + 1000 = 1075$$

Now that I have all the information, I can now use the formula for FC.

$$FC = TC - (VC \times Q)$$

$$FC = 1075 - (0.75 \times 100)$$

$$\text{Fixed cost} = \$1000$$



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3. What selling price is needed to achieve a profit of \$750 with a fixed cost of \$75 and variable cost of \$.50

-I'll calculate the VC first.

$$VC = 0.50 * 750 = 375$$

Then, I'll calculate the TC.

$$375 + 75 = 450$$

Lastly, I can now calculate the SP by dividing the total cost by the desired profit per unit.

$$\frac{450}{750} = 0.6$$

Therefore, the selling price needed to achieve a profit of \$750 is \$0.6.