3	Kirkton manufactures a single product, the Kirk. The following information relates to one unit of Kirk:							
				Per unit Selling price Variable production costs Fixed production costs Variable selling costs Fixed selling costs	\$ 35.00 13.50 3.50 1.50 1.00			
	Kirkton produces and sells 800 Kirks a week.							
	REQUIRED							
	(a)	(i)	Calculate the we	ekly breakeven point in units	S.			
						•••		
					[;	3]		
		(ii)	Calculate the we	ekly breakeven point in reve	nue.			
						•••		
					[2	2]		
		(iii)	Calculate the ma	argin of safety in revenue.				
					[:	3]		
		(iv)	Calculate the ma	argin of safety as a percentaç	ge.			
					[;	2]		

Additional information:

Kirkton has four different machines that are used in the production of the Kirk. One of the machines has broken down, causing production to stop completely. The company will be without the machine for a period of four weeks and the owners have two alternatives.

- 1 Lease a machine at a cost of \$2000 per week. Staff will need to be trained on the new machine. This will cost \$3000. Production will reduce from the current level of 800 units each week to 500 units each week.
- 2 Buy in the Kirks from a competitor. Each Kirk will cost \$26.25. The competitor is able to supply 800 units each week and will charge Kirkton \$50.00 delivery for each 100 units.

REQUIRED

(b)	Calculate the profit for the four weeks if Kirkton decide to lease a machine.
	[9]

(c)	Calculate the profit for the four weeks if Kirkton decide to buy the Kirks from the competitor.
	[7]
(d)	State two advantages if Kirkton decides to buy the Kirks from the competitor rather than lease the machine.
	[2]
	[2]
(e)	State two disadvantages if Kirkton decides to buy the Kirks from the competitor rather than lease the machine.