Q-1. The per unit contribution margin for a product is $12. Assuming fixed costs of $12,000, interest costs of $3,000, and taxes of $2,000, the operating breakeven point (in units) is closest to:

A. 1,417.

B. 1,000.

C. 1,250.

Q-2. Myundia Motors now sells 1 million units at $3,529 per unit. Fixed operating costs are $1,290 million and variable operating costs are $1,500 per unit. If the company pays $410 million in interest, the levels of sales at the operating breakeven and breakeven points are, respectively:

A. $1,500,000,000 and $2,257,612,900.

B. $2,243,671,760 and $2,956,776,737.

C. $2,975,148,800 and $3,529,000,000.

Q-3. A company's EBIT remains the same. The degree of financial leverage of changes from 1.2 to 1.3, the operating break point would be :

A. Higher

B. Lower

C. The same

Q-4. Which is most likely considered a "pull" on liquidity?

A. Obsolete inventory.

B. Reduction in a line of credit.

C. Increased difficulty in collecting receivables.

Q-5. A company is offered trade credit terms of 2/10, net 45. The annual cost of this trade credit is closest to:

A. 21.28%.

B. 23.10%.

C. 23.45%.