Closing Stock (excluding fixed costs element)	4800
Fixed Cost	10 000

3.

a.A company producing a single article sells it at $10 each. The marginal cost of production is $. 6 each and fixed cost is $ 400 per annum. You are required to calculate the following:

a)Profits for annual sales of 1 unit, 50 units, 100 units and 400 units

b)P/V ratio

c)Breakeven sales

d)Sales to earn a profit of $ 500

e)Profit at sales of $3,000

f)New breakeven point if sales price is reduced by 10%

g)Margin of safety at sales of 400 units [20]

b.A company produces a single article and sells it at $20 each. The marginal cost of production is $12 each and total fixed cost of the concern is $800 per annum.

Construct a breakeven chart and show the following:

- Breakeven point [B]
- Margin of safety at sale of $1,500[M]
- Angle of incidence[A]
- Increase in selling price if breakeven point is reduced to 80 units [25]

c. Describe any three limitations of using Break even charts [10]