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Competency 15.0 – Supports the managerial decision making by analyzing the cost behavior and cost volume profit analysis.

Competency Level 15.2 – Supports the decision making using cost volume profit analysis.

"Nadeera PLC" producers and sells only one product. Following details are given in relation to that product.

Production capacity (units) 8 000

Current profit Rs. 180 000.00

Contribution sales ratio 40%

Fixed cost 300 000.00

Calculate the following

- Margin of safety (Rs.)
- Total contribution
- Break Even point (Rs.)
- Contribution per unit
- Break even point (units)
- Selling price per unit
- Variable cost

Present capacity / sales units = 5 000

Selling price per unit = Rs. 200

Contribution sales ratio = 40%

Fixed cost = Rs. 240 000

- Calculate contribution per unit?
- Break even point in value and in units?
- Calculate profit?