

Name: _____ Date: _____

Chapter 32: Base knowledge worksheetFull sentence answers are **not** required: SL 14 marks, 20 minutes

HL 14 + 15 marks, 40 minutes

- 1** Showing all workings, calculate the break-even point (rounded up to whole numbers) for the product costings below: **(12)**

Product	Variable cost/item \$	Fixed cost \$	Selling price \$	Break-even number
A	5	800,000	10	
B	27	2,100,000	54	
C	20	3,888	74	
D	63	440,900	90	
E	1.25	923	3.99	

Show all calculations here:

2 Define 'margin of safety for a break-even analysis'.

(2)

3 **(HL)** List **three** limitations of break-even analysis.

(3)

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4 Using the information from question 1, identify the correct formula and then calculate the required output level for the target profit figures in the table below.

(12)

Product	Target profit \$	Calculation of output level formula used	Output level
A	1,000,000		
B	5,000,000		
C	200,000		
D	800,000		
E	20,000		