**UNIVERSITY OF THE PHILIPPINES MANILA**

**COLLEGE OF PHARMACY**

**PHAR 125: Pharmaceutical Accounting**

**1st Semester AY 2020-2021**

**Break-even Analysis & Pricing**

**Sample Problems**

\*You can try answering these sample problems with a calculator or with MS Excel.

You are a production supervisor who is planning with the sales supervisor. Answer the following questions.

1. You are planning to produce 20,000 units of 5-mL perfume at 12.00 PhP per unit with a variable cost of 9.00 PhP per unit and fixed costs at 25,000 PhP. Determine the following:
   1. Contribution margin
   2. Unit contribution margin
   3. Contribution margin ratio
   4. Income from operations

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1. You plan to sell a 30-mL bottle for perfume 60.00 PhP per unit. The variable cost is 35.00 PhP per unit while fixed costs are 80,000 PhP. Determine the following:
   1. Break-even point in sales units
   2. Break-even point if the selling price were increased to 67.00 PhP per unit

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1. You plan to sell a 100-mL bottle for perfume 140.00 PhP per unit. The variable cost is 60.00 PhP per unit while fixed costs are 240,000 PhP. Determine the following:
   1. Break-even point in sales units
   2. Break-even point in sales if a target profit of 50,000 PhP is desired

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1. Your company’s new solid perfume product has a total cost of 30.00 PhP per unit. Of this amount, 10.00 PhP is the selling, administrative, and general costs. The total variable cost is 18.00 PhP per unit. The desired profit is 3.00 PhP per unit. Determine the following
   1. Markup percentage on total cost
   2. Markup percentage on product cost
   3. Markup percentage on variable cost

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