1. The following information is available from Tiossan.

* Fixed costs for a production run of Terrango Body Cream = $8 000
* Average variable costs per unit = $6.00
* Selling Price per unit = $38.00  
  (a) Using the above information, calculate how many units of Terrango Body Cream Tiossan needs to sell to break even. (Show your working.) (4)

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1. (a) To raise money for the charity Children in Need, a group of business students at Landau Forte College in Derby, bought and resold Krispy Kreme doughnuts. Cost of sales was £80, average selling price was £1.20, fixed costs were £20 and 200 doughnuts were sold.  
   What was the total contribution from the sales of the doughnuts? (1)
2. £240
3. B £220
4. C £160
5. D £140

Answer

(b) Explain your answer (show your workings). (3)

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1. (a) Sussex Skaters, a niche manufacturer of skateboards in Brighton, generated the following financial accounts in 2012 in **£**

Fixed costs 12 500

Total revenue 250 000

Contribution per unit 50

Variable costs 50 000

Calculate the break-even level of output for Sussex Skaters in 2012. (1)

1. 200
2. 250
3. 1 000
4. 5 000

Answer  
(b) Explain your answer (show your workings). (3)

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