

Solution #1

| | |
|-------------------------------|---------|
| Sales value per book | \$28.70 |
| Less: Purchase value per book | 18.7 |
| Contribution margin per book | \$10.00 |

Fixed Expense

| | |
|-------------------------|----------|
| Rent | \$15,600 |
| Telephone | 3,000 |
| Staff wages | 55,000 |
| Superannuation | 4,950 |
| Printing and stationery | 5,090 |
| Total Fixed Expense | \$83,640 |

| | |
|--------------------------|--|
| BEP in number of sales = | Fixed Expense/Contribution margin per book |
| BEP in number of sales = | \$83,640/\$10.00 |
| BEP in number of sales = | 8,364 units |

Solution #2

| | |
|-------------------------------|---------|
| Sales value per book | \$28.70 |
| Less: Purchase value per book | 18.7 |
| Contribution margin per book | \$10.00 |

Fixed Expense

| | |
|-------------------------|----------|
| Rent | \$15,600 |
| Telephone | 3,000 |
| Staff wages | 55,000 |
| Superannuation | 4,950 |
| Printing and stationery | 5,090 |
| Total Fixed Expense | \$83,640 |

| | |
|-----------------------|---|
| BEP in dollar value= | Fixed Expense/Contribution ratio% |
| Contribution ratio %= | Contribution margin per book/Sales value per book |
| Contribution ratio %= | \$10.00/\$28.70 |
| Contribution ratio %= | 35% |

| | |
|----------------------|--------------|
| BEP in dollar value= | \$83,640/35% |
| BEP in dollar value= | \$240,047 |

Solution #3

| Contribution Margin Income Statement For the Year | | |
|--|--------------|----------------|
| Sales | | \$240,047 |
| Variable cost of goods sold | | <u>156,407</u> |
| Contribution margin | | 83,640 |
| Fixed expense | | |
| Rent | \$15,600 | |
| Telephone | 3,000 | |
| Staff wages | 55,000 | |
| Superannuation | 4,950 | |
| Printing and stationery | <u>5,090</u> | |
| Total Fixed Expense | | <u>83,640</u> |
| Net operating income/(loss) | | \$0 |

8.

i) Exclusive of GST 10%

| | | |
|---------------------------|-----------------------|-------------|
| a. Total sales | = $\$58,750/(1+0.1)=$ | \$53,409.09 |
| b. Purchase of stock | | \$30,000.00 |
| c. Telephone bill paid | = $\$325.70/(1+0.1)=$ | \$296.09 |
| d. Purchase of consumable | | \$1,430.00 |

ii) Inclusive of GST 10%

| | | |
|---------------------------|-----------------------|-------------|
| a. Total sales | | \$58,750.00 |
| b. Purchase of stock | = $\$30,000*(1+0.1)=$ | \$33,000.00 |
| c. Telephone bill paid | | \$325.70 |
| d. Purchase of consumable | = $\$1,430*(1+0.1)=$ | \$1,573.00 |

iii) Related amount GST

| | | |
|---------------------------|-------------------------|------------|
| a. Total sales | = $58,750.00-53,409.09$ | \$5,340.91 |
| b. Purchase of stock | = $33,000.00-30,000.00$ | \$3,000.00 |
| c. Telephone bill paid | = $325.70-296.09$ | \$29.61 |
| d. Purchase of consumable | = $1,573.00-1,430.00$ | \$143.00 |

| | | |
|---------------------------------|------------|------------|
| GST Payable | | \$5,340.91 |
| Less GST credit | | |
| GST of purchasing of stock | \$3,000.00 | |
| GST of telephone bill paid | 29.61 | |
| GST of purchasing of consumable | 143.00 | 3,172.61 |
| | | <hr/> |
| GST Liability | | \$2,168.30 |

The Andy's liability of GST will be \$2,168.30 for the period.