

Current Profit

Selling Price
Variable Cost

Contribution

£

30.00 ✓

21.80 ✓ (add up the variable costs of producing course)

8.20 ✓

Number of units

19,000, no. of units x contribution
£ (19,000 x 8.20)

Total Contribution

155,800 ✓

Fixed Costs

(38,000)

Profit

117,800 ✓

Increase In Costs

9.50 x 20% (1.90 + 9.50) = 11.40 ✓ Direct Materials.
10.50 x 18.88% (1.98 + 10.50) = 12.48 ✓ Direct Labour
1.00 x 58% (1.00 + 0.58) = 1.58 ✓ Other direct costs
0.80 x 27% (0.80 + 0.216) = 1.01 ✓ Variable overheads.
26.47 ✓

Fixed Costs

£38,000 to £40,280

(38,000 x 6% = 2,280 + 38,000 = 40,280)

units

19,000 = $\frac{40,280 + 38,000}{19,000}$ = C 4.12

C = 4.12

VC = 26.47

Selling Price

30.59

To calculate the increase in costs → original variable cost of producing course x % increase given in the question.