

### Exercise: Change in Fixed Costs

The variable costs of a certain unit are \$30. The selling price of the unit is \$60. The capacity for the period is 200, and the fixed costs are \$3000.

Find the break-even point if the fixed costs increase by \$1500.

The new fixed costs are  $3000 + 1500 = \$4500$ .

The total revenue equation is  $TR = 60Q$ .

The total cost equation is  $TC_2 = 30Q + 4500$ .

At the break-even point,

$$TR = TC \Rightarrow 60Q = 30Q + 4500 \Rightarrow 30Q = 4500 \Rightarrow Q = 150 \text{ units}$$

In dirhams, the break-even point is \$9000.



