

Calculate the correct contribution per unit for each of the following scenarios.



Sharjah Gaming Company makes gaming chairs. The selling price of each gaming chair is Dh500. The variable cost per gaming chair is Dh200. The fixed costs are Dh6,000.

$$\begin{aligned} 1. \text{ Contribution per unit} &= \text{Selling price per unit} - \text{Variable cost per unit} \\ &= \text{Dh}500 - \text{Dh}200 \\ &= \text{Dh}300 \end{aligned}$$

To break even, each gaming chair must contribute Dh300 to cover the fixed cost of Dh6,000.

- 1 Nupad Company makes tablets. The selling price for each tablet is Dh600. The variable cost per tablet is Dh100. The fixed costs are Dh 10,000. What is the contribution per unit?

500	700
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- 2 Burger Plaza sells burger meals for Dh20 each. The variable costs of preparing and serving each meal are Dh8. The fixed costs of the restaurant amount to Dh12,000. What is the contribution per unit?

28	12
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- 3 Reflections Spa sells spa treatments for Dh200 each. The variable cost for each spa treatment is Dh20. The fixed costs for rentals, salaries and other expenses amount to Dh 8,000. What is the contribution per unit?

220	180
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- 4 Kernel Korn is a corn vendor selling heated corn for Dh5 a container. The variable cost for each container is Dh1. The fixed costs for renting mall floor space and running the vendor are Dh2,000. What is the contribution per unit?

6	4
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- 5 Bubbles Car Wash sells car washes for Dh35 each. The variable cost for each car wash is Dh5. The fixed costs amount to Dh14,000. What is the contribution per unit?

30	40
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