

Chapter 1 Managerial Accounting Overview

مراجعة

□ Management and financial Accounting

↳ Management Accounting

الحاسبة الإدارية

↳ measure, analyzes, and report financial and nonfinancial information to help managers to make decisions
لـ تقيس وتحلل التقارير المالية وغير المالية لمساعدة المبرار في اتخاذ القرار

↳ Financial Accounting

الحاسبة المالية

↳ focus on reporting the financial information to external users

لـ حيث تركز على تقديم التقارير المالية للمستخدمين الخارجيين

External Users → investors, Creditors, banks, suppliers and government agencies

□ **Management Accounting** → Do not have to follow any standard

↳ Planning, Controlling, Decision making

□ **Financial Accounting** → it must follow GAAP

□ **Management Accounting** → Focus on influence the behavior of managers and employees

↳ Future - Oriented

□ **Financial Accounting** → ~~Focus~~ Focus on influence the behavior of external users

↳ Past - Oriented

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Controlling
کنٹرنگ

Decision making

□ Planning → Budgeting اعداد اور انصاف

□ **Controlling** → □ make sure that plan are executed
إلزامية، الرقابة، التنفيذ

5. evaluation → Comparison between plans and actual performance

١٤٠٠

□ Decision making → Five step

① □ Identify the problem and uncertainties
↳ تبیین مسأله

② → start to gathering information
on log file →

③ Make prediction عمل توقعات

④ $\Rightarrow$ Make Decision اتخاذ قرار

⑤ □ implement and evaluate the performance
لـ تطبيق القرار و تقييم الاداء

□ The value chain

↳ The value chain is the sequence of business functions in which a product is made progressively more useful to Customer

لـ، هي عبارة عن سلسلة، لكائنات اهل اتي يهيج فيها المنتج
اكثر قيمة للعملاء بشكل تدريجي
لـ تكون من مرام ثابتة لترتيب

□ Research and Development

لـ، البحث، التطوير

□ Design of product and processes

لـ، شكل المنتج، العمليات

□ production

التصنيع

□ Marketing

التسويق

□ Distribution

التوزيع

□ Customer service

خدمة العملاء

□ Planning and Controlling System (Budget)

↳ Planning → select goals and strategies
رفع الأهداف، ووضع الاستراتيجيات

□ predict result شوقع النتائج

□ decides how to attain goals
تحديد كيفية الوصول للأهداف

□ Communicate this to the Organization

نقل كل هذه الخطة إلى المنظمة

↳ **Budget** → is the quantitative expression of a plan of Activity by management, and is an aid to Coordinating what need to be done to execute that plan

وهي عبارة عن تحويل، والتعبير عن الخطة على شكل أرقام بيوانية الإدارة، وهي مساعدة لتنسيق ما يجب القيام به لتنفيذ تلك الخطة

→ Control → take actions that implement the planning decision, evaluate performance, and provide Feedback

وهذا يعني أن تنفيذ يجب أن يتبع الخطة، وتقييم الأداء، وإعطاء تغذية راجعة

[5]

□ Management Accounting Guidelines

↳ Three guidelines

- 11 Cost benefit approach → تكلفة, لفائدة
 ↳ Benefit of an actions must exceed Cost as a basic decision rule
 لا ينبغي لفائدة من النشاطات يجب ان تتفوق التكلفة

- 12 Behavioral and technical Considerations → الاعتبارات السلوكية, الفنية
 ↳ people are involved in decision, not just dollar and cent
 لا ينبغي ان الناس ايضاً مهمين في القرار وليس فقط النقود

- 13 Different Cost for Different purpose → تكاليف مختلفة لاهداف مختلفة

↳ Managers use alternative ways to Compute Cost in different decision making situation

لا يتنضم المبرر طرق بديلة لحساب التكاليف في مواقف اتخاذ القرار المختلفة
 فقط التكاليف ذات الحقيقة ذات العلاقة

- Professional Ethics → (اخلاقيات المهنة) الاخلاقيات
 ↳ The Four standard of ethics

(IMA) → Institute of Management Accountant

11 Competence / مواكبة التطورات / مواكبة التغييرات

12 Confidentiality السرية, السامية

13 Integrity النزاهة, عدم التحيز

14 Credibility المصداقية في المعلومات

Simple
Account

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Chapter 3 Cost-Volume-Profit Analysis [CVP]

مقدمة

Service Companies

↓
Intangible product
Service

Balance sheet
No Inventory
No Cost of Good sold

Manufacturing Companies

↓
Tangible product
Goods

Balance sheet
Inventory
and Cost of good sold

Merchandising
Companies

Manufacturing
Companies

Sales
- COGS

Sales
- COGS

Gross profit

Gross profit

Inventory
↳ Merchandise
نوع واحد فقط

Inventory → raw material
work in process
finished good

→ Manufacturing Companies

المكونات الإنتاجية

↳ Cost of good sold

RM → WIP → FG → COGS
[] → { DM, DL, MOHA } → [] → []

Manufacturing Companies Cost

Manuf Cost

تكاليف تصنيعية

- Direct Material DM
- Direct Labor DL
- Manuf overhead MOH

non Manuf Cost

تكاليف غير تصنيعية

ex → selling and Administrative Cost

Manufacturing Cost

- DM → variable Cost
- DL → variable Cost
- MOH → variable and Fixed Cost

يطبق فقط داخل الشركة لا يتبع المبدأ Matching

variable Costing

sales

- variable COGS
- variable selling and Admin

Contribution Margin

- Fixed COGS
- Fixed selling and Admin

Operating income

GAAP

Full Absorption Costing

sales

- Cost of Good sold
- = Gross profit
- Operating expense
- = Operating income
- non operating expense
- + non operating profit

Income before tax

- tax

net income

IBT

80

[3]

□ Contribution Margin $\rightarrow$ equal Revenue Less variable Cost

$$= \text{Sales Revenue} - \text{variable Cost}$$

□ Contribution Margin per unit

$\rightarrow$ equal total Contribution Margin
Divided by number of unit sold

$$= \frac{\text{total Contribution Margin}}{\text{number of unit sold}}$$

□ Example $\rightarrow$ XYZ Company

costs

- selling price \$1,000
- variable manuf / unit \$2.00
- variable Marketing Cost / unit \$1.00

- Fixed MOH \$50,000
- Fixed Marketing Cost \$20,000

$\rightarrow$ During 2020 $\rightarrow$ XYZ produced 10,000 unit
Sold 8,000 unit

Variable Costing Statement

$\rightarrow$ Sales (1000 x 8000)	8,000,000
Less v. COGS (8000 x 2.00)	(1,600,000)
Less v. Marketing (8000 x 1.00)	(800,000)
Contribution Margin	5,600,000
Less Fixed MOH	(50,000)
Less Fixed M/Cost	(20,000)
Operating income	5,530,000

Cost Contribution Margin as a total Vs Contribution Margin as a per unit

$$\rightarrow 5,600,000 \quad \text{Total Contribution Margin} \\ \frac{\text{Total Contribution Margin}}{\text{Unit sold}} = \frac{5,600,000}{8000} = 700$$

Example Contribution Margin per unit

$$= \text{Selling price} - \text{Variable Cost / unit} \\ = 1000 - 300 \\ = \underline{700}$$

Contribution Margin $\rightarrow$ is the amount of revenue available after variable Cost to Cover a fixed expense and provide profit to a Company

أي عبارة عن محل لإيرادات يتألف من نفقات متغيرة لتغطية النفقات الثابتة وتوفير الربح للشركة

بمعنى آخر، حسب المثال $\leftarrow$ كل ما يبيع وحدة زيادة ربح يكون عني 700 دولار زيادة لتغطية النفقات الثابتة

$\hookrightarrow$ profit from each extra unit sold

$$\frac{\text{Revenue}}{\text{}} = \left(\text{selling price} \times \text{Quantity of unit sold} \right) - \left(\text{unit v/cost} \times \text{Quantity of unit sold} \right) - \text{Fixed Cost} = \text{Operating income}$$

Ex 8 Emma $\rightarrow$ Purchase Price / unit = \$120 variable
selling Price / unit = \$200

Convention (معرض) Booth [كشك] = 2,000 fixed

حيث ان "Emma" قامت بعد اتفاق مع الجامعة المصرية من اجل جذب الكفاءات لعقد امتحانات القبول Guil من خلال بيع ال (ID) للطلاب الذين يسهل عليهم الوصول لهذا المكان
لذلك قامت باستئجار كشك في معرضها لمدة اسبوع / اشهر للتسويق لهذا المنتج

Scenario 1 $\rightarrow$ if Emma sell 5 unit

Sales	(5 x 200)	1000
Less Variable Cost	(5 x 120)	(600)
Contribution Margin		400
Less Fixed Cost		(2000)
Operating Loss		1,600

Scenario 2 $\rightarrow$ if Emma sell 20 unit

Sales	(20 x 200)	4000
- Variable Cost	(20 x 120)	(2400)
Contribution Margin		1,600
- Fixed Cost		(2000)
Operating Loss		400

80/100

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□ Break even point

↳ At BEP the firm has no profit or loss at the given sales level

$$\rightarrow \text{Total Revenue} = \text{total Cost}$$

$$\rightarrow \text{Profit} = \underline{\underline{0}}$$

→ (المعادلة) (معادلة)

$$\rightarrow (\text{Sales} - \text{variable Cost}) - \text{Fixed Cost} = \cancel{0} \text{ Operating income}$$

$$\rightarrow \left(\text{Selling price} \times \text{Unit sold} \right) - \left(\text{variable Cost per unit sold} \right) - \text{Fixed Cost} = \cancel{0} \text{ BEP}$$

Q → Quantity

$$\rightarrow Q \left(\text{Selling Price} - \text{VC per unit} \right) - \text{FC} = \cancel{0} \text{ BEP}$$

$$\rightarrow Q \times \text{Contribution Margin per unit} - \text{FC} = \cancel{0} \text{ BEP}$$

$$\rightarrow Q \times \text{CM/unit} = \text{FC}$$

$$Q(\text{BEP}) = \frac{\text{FC}}{\text{CM/unit}}$$

المعادلة (معادلة)

80/100

تكلفة

$$Q \text{ (BEP)} = \frac{2000}{80} = 25 \text{ unit}$$

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if Emma sold 25 unit

Sales	25 x 200	5000
- variable Cost	25 x 120	(3,000)

Contribution margin	2000
- Fixed Cost	(2000)

Operating income ○ BEP

if Emma want to earn 4,400 as a profit

→ Q, target operating income of 4,400 ?

$$(Q \times \text{selling price}) - (VC/\text{unit} \times Q) - FC = \text{Operating income}$$

$$Q \times CM/\text{unit} - FC = 4,400$$

$$Q \times \frac{CM/\text{unit}}{CM/\text{unit}} = \frac{6,400}{CM/\text{unit}} = \frac{6,400}{80} = 80$$

$$Q \text{ to achieve a target operating income} = \frac{FC + \text{Target Operating income}}{\text{Contribution margin / unit}}$$

قانون !!

□ Contribution margin percentage

CMP → which is the Contribution margin per unit divided by unit selling price or Contribution margin divided by revenue

$$CMP = \frac{CM \text{ / unit}}{\text{selling price}}$$

قانون م

$$CMP = \frac{CM}{\text{Revenue}}$$

OR

أو القانون

$$CMP = \frac{80}{200}$$

$$= 0.4$$

منها يعني كل unit
بيعه يبقى 0.4 لتغطية
ال FC

منها يعني حساب ال BEP تقدير

100% of sales - VC =

$$CM - FC = 0$$

Break even Revenue =

$$\frac{\text{Fixed Cost}}{\text{Contribution Margin percentage}}$$

قانون م

$$BER = \frac{2000}{0.4} = 5000$$

□ to achieve a target operating income as a Dollar value

$$= \frac{FC + \text{Target Operating income}}{\text{CM percentage}}$$

قانون مبيعات

$$= \frac{2000 + 4,400}{0.4} = \frac{6,400}{0.4} = 16,000$$

Total sales as a Dollar value

- produce = 10,000 unit
 □ sales (4000 unit) = 120,000
 □ Variable expense = 72,000
 □ Fixed expense = 30,000

□ Q- Compute the quantity that must be sold to Break even?

↳ selling Cost per unit = $\frac{120,000}{4000} = 30$

↳ variable Cost / unit = $\frac{VC}{4000} = \frac{72,000}{4000} = 18$

↳ Contribution margin / unit = $30 - 18 = 12$

or

↳ $\frac{C_{\text{m}}}{4000} = \frac{120,000 - 72,000}{4000} = 12$

↳ $Q_{\text{BEP}} = \frac{30,000}{12/\text{unit}} = 2,500$

□ Q- Compute the amount of sales in dollar to achieve an operating income = 12,000

↳ $C_{\text{MP}} = \frac{C_{\text{m}}/\text{unit}}{\text{Selling price / unit}} = \frac{12}{30} = 0.4$

↳ sales to achieve a target = $\frac{30,000 + 12,000}{0.4} = 105,000$

Q- what dollar sales must the Company achieve in order to earn a net income of 50,000 per month

Assume tax Rate = 40%

$$\rightarrow \text{Operating income} - \text{tax expense} = \text{net income}$$

$$\text{tax Rate} \times \text{Op/income} \\ (0.4)$$

$$X - 0.4 = 50,000$$

$$0.6 X = 50,000$$

$$X = \frac{50,000}{0.6} = 83,333$$

$$\text{Operating income} = \frac{\text{net income}}{1 - \text{tax Rate}}$$

Then $\rightarrow$ Dollar sales

$$\text{to achieve target Op. income of } 83,333 = \frac{FC + 83,333}{\text{Cell percentage}}$$

$$= \frac{30,000 + 83,333}{0.4} = 283,333$$

what if?

ماذا لو

Example

purchased Cost = 120
 selling price = 200
 Booth rent = 2000

Break even point = 25 unit

Status (sell 40 unit)

Sales	40×200	8000
- variable Cost	40×120	4,800
Cont. Margin	(80×40)	3,200
- Fixed Cost		2000
Operating income		1,200

Alternative

Advertising expense 500 → Fixed Cost

sales will increase 10%

$40 \times 10\% = 4 \rightarrow 44 \times 200 = 8,800$

Sales	44×200	8,800
- VC	44×120	(5,280)
CM		3,520
- FC		(2000)
- Advertising Cost		(500)
Opel income		1,020

Decrease by 180

النتيجة السعر

Cost will increase = 500

Cell will increase = ?

$$\rightarrow \text{Cell/unit} = (200 - 120) = 80$$

$$\begin{array}{ccc} \text{Cell} & & \text{FC} \\ 4 \times 80 = 320 \uparrow & \text{Vs} & 500 \uparrow \end{array}$$

إذا ربح يكون هنا خسارة

$$\rightarrow 500 - 320 = 180 \downarrow$$

$$\rightarrow 1,200 - 180 = 1,020$$

Alternative → to reduce the selling price تخفيض السعر

لعمامة ELLMA بالتفاف مع الجامعة على تغيير الأسعار

$$\text{purchase price} = 115$$

$$\text{selling price} = 175$$

and she will ~~will~~ increase its sales to 50 unit

Cell (علاوة) (البيع)

$$\begin{aligned} \text{Cell} &= 40 \times 80 \\ &= 3200 \end{aligned}$$

Cell (علاوة) (البيع)

$$\begin{aligned} \text{Cell} &= 50 \times 60 \\ &= 3000 \end{aligned}$$

Operating income will decrease by = 200

selling price to achieve a target op. income of 1,200

↳ purchase Cost / unit = 115

and she will sale ~~40~~ ~~45~~ 50 unit

$$\hookrightarrow \text{Sales} - \text{VC} - \text{FC} = \text{Op. income}$$

$$Q (\text{Cell/unit}) - \text{FC} = 1200$$

$$50 \times \text{Cell/unit} - 2000 = 1200$$

$$+ 2000 \quad + 2000$$

$$\frac{50 \times \text{Cell/unit}}{50} = \frac{3,200}{50}$$

$$\text{Cell/unit} = 64$$

$$\text{Cell/unit} = \text{Selling price} - \text{Variable Cost/unit}$$

$$64 = ? - 115$$

$$\text{Selling price} = 115 + 64$$

$$= \underline{\underline{179}}$$

Margin of safety - Defined

↳ That means how far can they fall in sales before the company will begin to lose money.
 له يعني تم مسموح لي بالنزول بالبيعات قبل ان تبدأ الشركة بالخسارة

↳ An indicator of risk, the Margin of safety (MOS)

↳ it's measure the distance between budgeted sales and Break even sales

معبارة عن مؤشر خامة ← كل ما ينقل الخطأ بزيادة
 له يعني تقيس بين انا مديود وبين بيعيات ابي
 عندما ما يربح ولو بنسبة

$$MOS = \text{Budgeted sales} - BE \text{ sales}$$

→ Emma sales 40 unit

$$BEP_Q = \frac{FC}{\text{Cell/unit}} = \frac{2000}{80} = 25 \text{ unit}$$

$$MOS = 40 - 25 = 15 \text{ unit}$$

At 40 unit, total sales = $40 \times 200 = 8000$

$$BEP_{\text{sales}} = 25 \times 200 = 5000$$

$$MOS = 8000 - 5000 = 3000 \rightarrow \text{أكد مسموح بالنزول}$$

$$\text{MOS percentage} = \frac{\text{MOS}}{\text{Sales}}$$

$$\rightarrow \text{MOS} = 3000$$

$$\text{MOS percentage} = \frac{3000}{8000} = 37.5\%$$

وهذا يعني انه يوجد في مجال انزل بالمبيعات
 نسبة 37.5% سابق بال safe side

MOS percentage

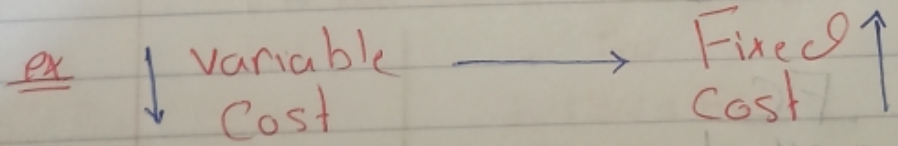
→ remove the firm's size from the output, and expresses it self in the form of percentage

Cost structure

→ The Cost structure is simply the relationship of fixed cost and variable cost to the total cost

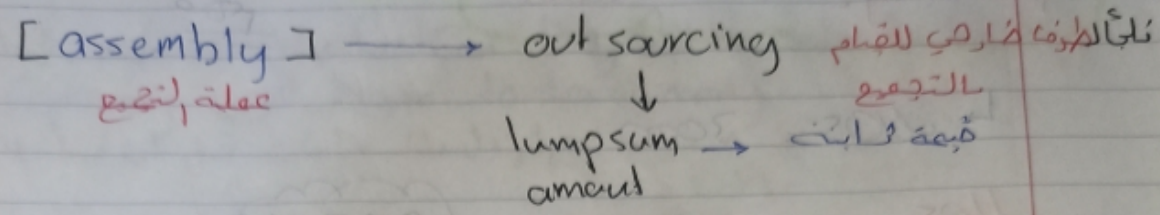
له هيكل التكلفة هو ببساطة علاقة التكاليف الثابتة، والتكاليف المتغيرة بالتكاليف الإجمالية

Total Cost من ا FC , VC Yes



$\downarrow$ DL $\longrightarrow$ more automated manuf. environment (بيئة تصنيعية تكنولوجيا)

ex → Part of production



↓ VC → FC ↑

Q ← ما هو الرفع / الهدف من تغيير نسبة التكاليف؟
 لـ تحديد الـ Risk
 II ← ينظر

Profitability margin ← الربح
 II

Q ← بالرجوع إلى مثال Emma

variable Cost = 120
 selling price = 200
 Fixed cost = 2000

Contribution margin / unit = $200 - 120$
 = 80

Break even point = $\frac{FC}{\text{Contribution margin/unit}}$

= $\frac{2000}{80} = 25 \text{ unit}$

Option 2

300 → Fixed Fee for Booth Rent

% 15 from sales → For management (if sell vol.)

↳ $FC \downarrow \leftrightarrow VC \uparrow$

↳ selling price = 200 → 15% of 200 for management.

$$15\% \times 200 = 30$$

$$\text{↳ new VC} = 120 + 30 = 150$$

$$\text{↳ new Cull} = 200 - 150 \\ = \underline{50}$$

$$\text{↳ new Break even point} = \frac{300}{50} = \underline{16}$$

Option 3

↳ Zero Booth Rent → $FC = 0$

↳ 25% from sales → For management

$$\begin{aligned} \text{↳ new VC} &= 25\% \times 200 \\ &= 50 \\ &= 120 + 50 \\ &\rightarrow \underline{170} \end{aligned}$$

$$\begin{aligned} \text{↳ new Cull} &= 200 - 170 \\ &= \underline{30} \end{aligned}$$

$$\text{new BEP} = \frac{0}{30} = \underline{0} \text{ zero}$$

□ Compare مقارنه

	BE P	CM / unit
Option 1	25 unit	80 #
Option 2	16 unit	50 #
Option 3	0 unit	30 #

□ The least Risky is option 3

□ The most profitable is option 1

↳ if FC ↓ → Risk ↓

↳ if Risk ↑ → Return ↑

Operating Leverage (OL) الرافعة التشغيلية

It Describes the effect that fixed costs have on changes in operating income as changes occur in unit sold and Contribution margin

لماذا تسمى الرافعة التشغيلية تأثير التكاليف الثابتة على التغيرات في الدخل التشغيلي - حيث تسمى التغيرات في لومات المبيعات، وكميات المبيعات
 Cell / unit sold

$$OL = \frac{\text{Contribution margin}}{\text{Operating income}}$$

مهم

بالرجوع للجواب في التالى

if unit sold was 40 units

SC. 1

Cell/unit = 80

→ Cell = 40 x 80
= 3,200

Less FC 2,000

O/income = 1,200

DO L = 3,200

1200

= 2.67

SC. 2

Cell/unit = 50

40 x 50

= 2000

Less 800

1,200

2000

1200

1.67

SC. 3

Cell/unit = 30

40 x 30

= 1200

less 0

1200

1200

1200

1

مدا على هذا الرقم

2.67 ← كل تغير في حجم المبيعات يقابله 2.67 تغير في Oper. incom

□ if $FC \uparrow \rightarrow DOL \uparrow$

under SC.1 Sales increase by 50%

Operating income?

$$O.I. \times 2.67 = 1.33$$

$$O./income = 1200 \times 1.33$$
$$(40) = \boxed{1,600}$$

$\rightarrow 50\% \times 40 = 20$ unit increases.

$$= 40 + 20 = \underline{\underline{60 \text{ unit}}}$$

$$CM = (60 \times 80) = 4,800$$

$$\text{Less } FC = (2,000)$$

$$O./income = 2,800$$

$$1,200 \text{ vs}$$

$\rightarrow$ it increase by

$$\boxed{1,600\%}$$

$\rightarrow$ if fixed Cost = zero

$$\rightarrow \frac{CM}{O./income} = 1$$

$$CM = \text{Operating income}$$

[22]

[22]

□ Using OL to estimate change in operating income

↳ The formula to estimate the change in operating income that will result from a percentage change in sales is:

Operating Leverage $\times$ % change in Sales

if sales increase 50% and operating Leverage is 1.67

↳ you should expect operating income to increase 83.5%

□ Effects of sales MIX on CVP

لأنه في حال كانت الشركة تباع أنواع مختلفة من المنتجات

↳ In this case, we use the same formulae, but use Average Contribution margins for the multiple product

بالمتوسط: Average

# GUMAT	$200 - 120 = 80$	Cell/unit	] → two <u>product</u>
# GRE	$100 - 70 = 30$	Cell/unit	

↳ Fixed Cost = 4,500 → BEP ?

نقطة

10 unit sold → 6 GUMAT } Constant
 4 GRE ثابتة

~~2/4/24~~

[22]

[23]

بالنسبة إلى التغير في المبيعات

5 unit sold $\rightarrow$ 3 GIAT
2 GRE

$$\text{CM / bundle} = (3 \times 80) + (2 \times 30) \\ = 240 + 60 \\ = \underline{\underline{300}}$$

$$\text{BEP}_{(\text{Bundle})} = \frac{4,500}{300}$$

$$\rightarrow = \underline{\underline{15}} \begin{cases} \rightarrow 3 = 45 \text{ GIAT} \\ \rightarrow 2 = 30 \text{ GRE} \end{cases}$$

Constant sales mix $\rightarrow$ مبيعات لكل منتج ثابتة

$\rightarrow$ Limited

□ المطلوب → selling price = 7,000
 V.C/unit = 2,000
 F.C = 5,560,000
 Net income = 900,000
 income tax
 Rate = 40%

Q II (a) BEP

(b) Upto achieve net income objective
 if no change happened

→ C.C./unit = $7000 - 2000 = 5000$

$$BEP = \frac{F.C}{C.C./unit} = \frac{5,560,000}{5000} = \underline{\underline{1,112 \text{ unit}}}$$

→ Operating income = $\frac{900,000}{1 - 40\%} = 1,500,000$

Q to achieve
 o/income
 of 1,500,000 = $\frac{5,560,000 + 1,500,000}{5000}$

→ = 1,412

[15]

[25]

Q2) Q → Determine which alternative the Company should select to achieve its net income objective

A) → reducing selling price 15% $7000 \times 15\% = 1050$
 $\hookrightarrow 7000 - 1050$
 $= \underline{5950}$

∴ unit sold = 1,400

∴ CM/unit = $5950 - 2000$
 $\hookrightarrow = \underline{3950}$

∴ CM = $(300 \times 5000) + (1,400 \times 3950)$
المبيعات

$= 1,500,000 + 5,530,000$

$= 7,030,000 - 5,560,000$

Operating income = $1,470,000 \times 60\%$

*
 Net income = 882,000

B) $\rightarrow$ New variable Cost = 1250

$\rightarrow$ New selling price = 6,200

$\rightarrow$ unit sold = 1,130 unit

$\rightarrow$ Cell/unit = $6200 - 1250$
 $= \underline{4,950}$

$\rightarrow$ Cell = $(300 \times 5000) + (1,130 \times 4,950)$

$= 7093,500$

Less FC = (5,560,000)

Op/income = $1,533,500 \times 60\%$

Net income = 920,100

C) $\rightarrow$ New Fixed Cost = 5,282,000

$\rightarrow$ New selling price = 5,250

$\rightarrow$ unit sold = 1,500

$\rightarrow$ Cell/unit = 3250

Cell = $(300 \times 5000) + (1,500 \times 3,250)$

$= 6,375,000$

less FC = (5,282,000)

Op/income = $1,093,000 \times 60\%$

Net income = 655,800

$\rightarrow$ B is the Best choice