

12. (20points) Accounting approach

The variable cost per unit is \$4 and the fixed costs are \$40. Find the equation of the total cost

The selling price per unit is \$12. Find the equation of the total Revenue

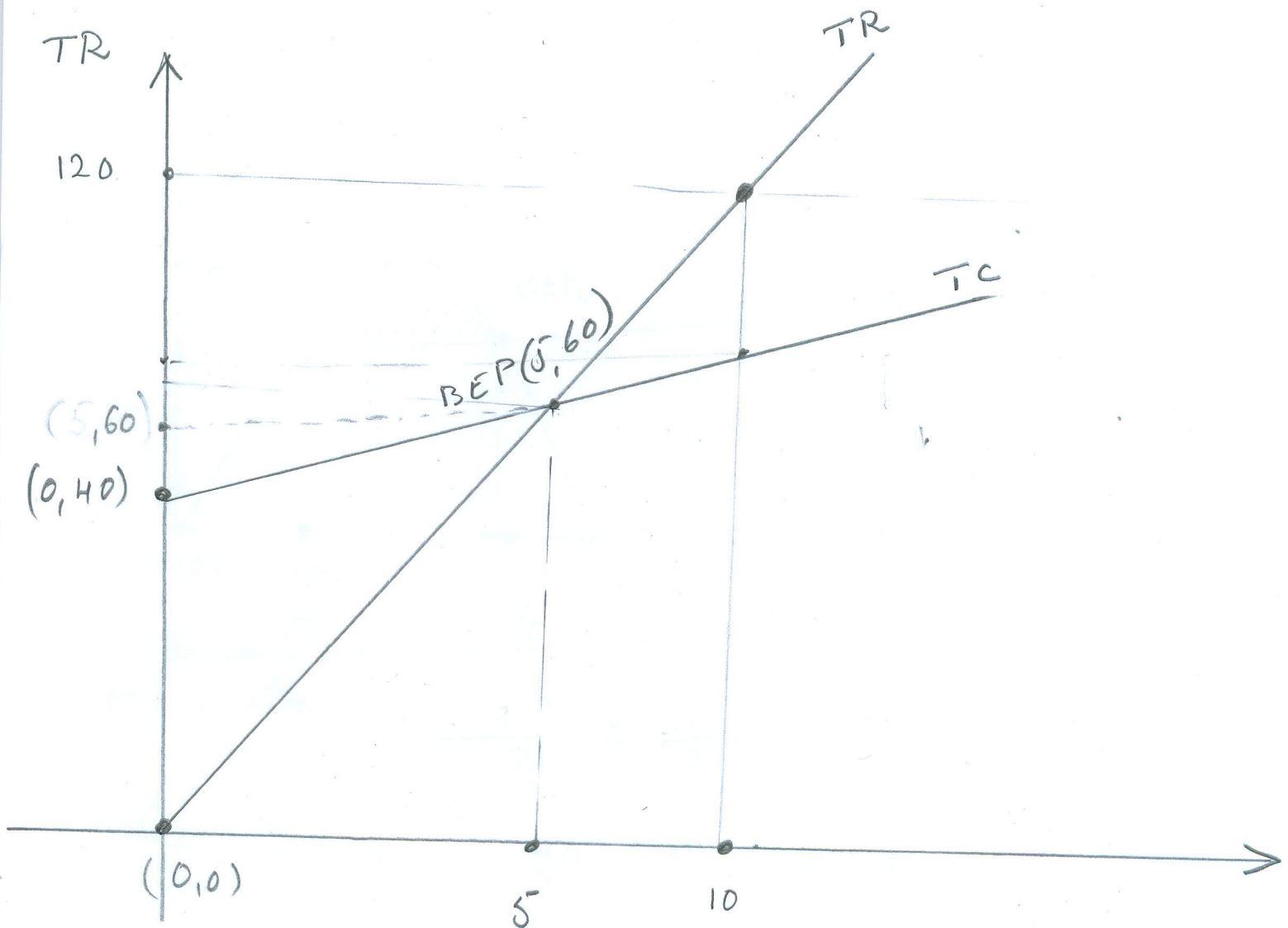
Sketch the above two functions on the same axis, and find the "BEP", the breakeven point.

$Vc.\text{unit } \$4$        $FC = \$40$   
 $TC = 4Q + 40$   
 $TR = 12Q$

Q	0	10
TC	40	80

Q	0	10
TR	0	120



$12Q = 4Q + 40 \Rightarrow 8Q = 40 \Rightarrow Q = \frac{40}{8} = 5$   
 $TR = TC = 12 \times 5 = \$60$