

Data Interpretation Logical Reasoning (Part 7 of 7)

Directions: Answer these questions on the basis of the information given below:

The following table shows the break-up of actual costs incurred by a company in last five years (year 2002 to year 2006) to produce a particular product:

Year	Year 2002	Year 2003	Year 2004	Year 2005	Year 2006
Volume of production and sale (units)	Volume 1000	Volume 900	Volume 1100	Volume 1200	Volume 1200
Cost in Rs.	Below	Below	Below	Below	Below
Material	Rs. 50,000	Rs. 45,100	Rs. 55,200	Rs. 59,900	Rs. 60,000
Labour	Rs. 20,000	Rs. 18,000	Rs. 22,100	Rs. 24,150	Rs. 24,000
Consumables	Rs. 2,000	Rs. 2,200	Rs. 1,800	Rs. 1,600	Rs. 1,400
Rent of building	Rs. 1,000	Rs. 1,000	Rs. 1,100	Rs. 1,100	Rs. 1,200
Rates and taxes	Rs. 400	Rs. 400	Rs. 400	Rs. 400	Rs. 400
Repair and maintenance expenses	Rs. 800	Rs. 820	Rs. 780	Rs. 790	Rs. 800
Operating cost of machines	Rs. 30,000	Rs. 27,000	Rs. 33,500	Rs. 36,020	Rs. 36,000
Selling and marketing	Rs. 5,750	Rs. 5,000	Rs. 5,000	Rs. 5,750	Rs. 5,800

expenses

800

800

The production capacity of the company is 2000 units. The selling price for the year 2006 was Rs. 125 per unit. Some costs change almost in direct proportion to the change in volume of production, while others do not follow any obvious pattern of change with respect to the volume of production and hence are considered fixed. Using the information provided for the year 2006 as the basis for projecting the figures for the year 2007, answer the following questions:

1. What is the approximate cost per unit in rupees, if the company produces and sells 1400 units in the year 2007?
 - a. Cost 104
 - b. Cost 107
 - c. Cost 110
 - d. Cost 115
 - e. Cost 116

2. What is the minimum number of units that the company needs to produce and sell to avoid any loss?
 - a. Units 313
 - b. Units 350
 - c. Units 384
 - d. Units 747
 - e. Units 928

3. Given that the company cannot sell more than 1700 units, and it will have to reduce the price by Rs. 5 for all units, if it wants to sell more than 1400 units, what is the maximum profit, in rupees, that the company can earn?
 - a. 25, 400
 - b. 24, 400
 - c. 31, 400
 - d. 32, 900
 - e. 32, 000

4. If the company reduces the price by 5%, it can produce and sell as many units as it desires. How many units the company should produce to maximize its profit?

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- a. Units 1400
- b. Units 1600
- c. Units 1800
- d. Units 1900
- e. Units 2000