Cost-Volume-Profit Analysis Academic Level : Bachelor Paper details Assignment Content Purpose of Assignment The Case Study focuses on CVP (Cost-Volume-Profit), break-even, and margin of safety analyses which allows students to experience working through a business scenario and applying these tools in managerial decision making. Resources Cost-Volume-Profit Analysis Grading Guide Generally Accepted Accounting Principles (GAAP), U.S. Securities and Exchange Commission (SEC) Tutorial help on Excel and Word functions can be found on the Microsoft Office website. There are also additional tutorials via the web offering support for Office products. Scenario: Mary Willis is the advertising manager for Bargain Shoe Store. She is currently working on a major promotional campaign. Her ideas include the installation of a new lighting system and increased display space that will add $24,000 in fixed costs to the $270,000 in fixed costs currently spent. In addition, Mary is proposing a 5% price decrease ($40 to $38) will produce a 20% increase in sales volume (20,000 to 24,000). Variable costs will remain at $24 per pair of shoes. Management is impressed with Mary's ideas but concerned about the effects these changes will have on the break-even point and the margin of safety. Assignment Steps Complete the following: Compute the current break-even point in units, and compare it to the break-even point in units if Mary's ideas are used. Compute the margin of safety ratio for current operations and after Mary's changes are introduced (Round to nearest full percent). Prepare a CVP (Cost-Volume-Profit) income statement for current operations and after Mary's changes are introduced. Prepare a maximum 700-word informal memo to management addressing Mary's suggested changes. Explain whether Mary's changes should be adopted. Why or why not? Analyze the above information (three bullet points above) and use this information to support your suggestion. Show your work in Microsoft Word or Excel. Complete calculations/computations using Microsoft Word or Excel.