

- ✓ Costs can be segregated into fixed and variable portions.

Multiple-product firms tie sales commissions to contribution margins rather than the sales price.

Multiple-product firms meet the expected product mix ratios.

Gross margins will change as costs increase under "cost plus" agreements.

Linearity of costs is preserved over a relevant range.

It is impossible to increase profits without also increasing gross margin.

Per unit fixed costs will not change with volume.

Inventory is constant, with the number of units produced equaling the number of units sold.

The contribution margin can be determined by subtracting per unit fixed costs from per unit sales.

Revenues are constant per unit.