

## QUESTION 10

### Introduction

During 2018, the company's sales revenue increased by 10% compared with 2017. The company's operating profit margin was 20% in 2018 and 18% in 2017. The company's operating profit was \$10 million in 2018 and \$9 million in 2017. The company's operating profit margin was 20% in 2018 and 18% in 2017. The company's operating profit was \$10 million in 2018 and \$9 million in 2017.

What are the reasons for the increase in operating profit margin during 2018? (4 marks)

- 1. Increase in sales volume
- 2. Increase in selling price
- 3. Decrease in variable costs
- 4. Decrease in fixed costs
- 5. Increase in operating leverage
- 6. Increase in operating leverage
- 7. Increase in operating leverage
- 8. Increase in operating leverage

The correct answer is: 1, 2, 3, 4, 5, 6, 7, 8

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