

HILTON CHAPTER 6**High Low Method Example Problem Solution**

Day	Total Cost	Volume
1	700,000	20,000
2	725,900	21,700
3	690,000	19,300
4	661,000	17,000
5	677,000	16,400
6	714,000	20,800
7	732,300	22,400
8	730,000	23,900
9	765,000	25,500
10	747,400	24,200
11	768,000	26,600
12	773,000	27,000
13	712,500	22,200
14	702,200	20,600
15	699,800	20,100
16	678,000	19,400
17	665,300	19,100
18	685,900	19,800
19	697,200	19,900
20	705,400	21,000
21	708,100	20,800
22	711,000	20,900
23	718,000	21,100
24	723,300	21,500
25	719,600	20,000
26	732,100	21,900
27	744,600	24,400
28	763,000	27,400
29	757,400	25,800
30	752,000	25,200

High Volume	763,000	27,400
Low Volume	677,000	16,400
Difference	86,000	11,000
Variable Cost per unit	7.818182	

FC: $763,000 - (27,400 * 7.818182) = 548,782$ rounded

Check: $677,000 - (16,400 * 7.818182) = 548,782$ rounded

Equation: $Y = 548,782 + 7.818182 X$

NOTE: EQUATION CHANGES IF DIFFERENT POINTS ARE USED

SELECT TWO RANDOM POINTS

Higher volume	757,400	25,800
Lower volume	661,000	17,000
Difference	96,400	8,800
Variable Cost per unit	10.954545	

FC: $757,400 - (25,800 * 10.954545) = 474,773$ rounded

Check: $661,000 - (17,000 * 10.954545) = 474,773$ rounded

Equation: $Y = 474,773 + 10.954545 X$