

QUESTION

- 1. A company's operating leverage is 1.5. If sales increase by 10%, what is the percentage change in operating income?
- 2. A company's operating leverage is 1.5. If sales decrease by 10%, what is the percentage change in operating income?
- 3. A company's operating leverage is 1.5. If sales increase by 10%, what is the percentage change in net income?
- 4. A company's operating leverage is 1.5. If sales decrease by 10%, what is the percentage change in net income?

ANSWER

- 1. 15%
- 2. -15%
- 3. 15%
- 4. -15%

