Chapter 12

Exercise 12-6

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | South | Central | North |  Total |
| Sales\_ Variable expCM\_ Traceable fixed expSegment Margin\_ common fixed expenseNet Income | 400000208000192000240000(48000) | 60000018000042000033000090000 | 500000200000300000200000100000 | 150000058800091200077000014200017500033000 |

Sales increase 600000\*15%=90000 Tk

CM ratio 70 %

CM will increase 90000\*70%=63000

\_ Increase in Advertising expense 25000

 Increase in segment margin 38000

So we should allow this ad campaign

 12-1: Segmented Income statement

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  |  CD | DVD | Total |
| Sales \_ Variable expenseCM \_ Traceable fixed expenseSegment margin\_ Common fixed expenseNet Income | 30000012000018000013800042000 | 4500003150001350004500090000 | 75000043500031500018300013200010500027000 |
|  |  |  |  |

 Segmented I/S

Req;2(a)

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Houston | Dallas | Total |
| Sales-VE CM\_ Traceable Fixed expenseSegment margin\_ Common fixed expenseNet income | Total | % | Total | % | Total | % |
| 200000 10060000 30%140000 70%78000 39%62000 31 % | 600000 100360000 60240000 4090000 15%150000 25% | 800000 100420000 52.5 %380000 47.5 %168000 21%212000 26.5%120000 15%92000 11.5% |
|  |  |  |  |