Chapter 12

Exercise 12-6

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | South | Central | North | Total |
| Sales  \_ Variable exp  CM  \_ Traceable fixed exp  Segment Margin  \_ common fixed expense  Net Income | 400000  208000  192000  240000  (48000) | 600000  180000  420000  330000  90000 | 500000  200000  300000  200000  100000 | 1500000  588000  912000  770000  142000  175000  33000 |

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 expense  CM  \_ Traceable fixed expense  Segment margin  \_ Common fixed expense  Net Income | 300000  120000  180000  138000  42000 | 450000  315000  135000  45000  90000 | 750000  435000  315000  183000  132000  105000  27000 |
|  |  |  |  |

Segmented I/S

Req;2(a)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | Houston | | Dallas | | Total | |
| Sales  -VE  CM  \_ Traceable Fixed expense  Segment margin  \_ Common fixed expense  Net income | Total | % | Total | % | Total | % |
| 200000 100  60000 30%  140000 70%  78000 39%  62000 31 % | | 600000 100  360000 60  240000 40  90000 15%  150000 25% | | 800000 100  420000 52.5 %  380000 47.5 %  168000 21%  212000 26.5%  120000 15%  92000 11.5% | |
|  |  | |  | |  | |