

**Exercise 8-12** (15 minutes)

*Customer Margin—ABC Analysis*

Sales (1,000 seats × \$20 per unit).....		\$20,000.00
Costs:		
Direct materials (\$8.50 per unit × 1,000 units) .	\$8,500.00	
Direct labor (\$6.00 per unit × 1,000 units) .....	6,000.00	
Supporting direct labor (\$5.55 per DLH × 0.25 DLH per unit × 1,000 units).....	1,387.50	
Batch processing (\$107 per batch × 2 batches)	214.00	
Order processing (\$275 per order × 1 order)....	275.00	
Customer service overhead (\$2,463 per cus- tomer × 1 customer) .....	<u>2,463.00</u>	<u>18,839.50</u>
Customer margin .....		<u>\$ 1,160.50</u>