

**Exercise 12-1** (15 minutes)

	<i>Total</i>		<i>Weedban</i>		<i>Greengrow</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Sales* .....	\$300,000	100	\$90,000	100	\$210,000	100
Less variable expenses ..	<u>183,000</u>	<u>61</u>	<u>36,000</u>	<u>40</u>	<u>147,000</u>	<u>70</u>
Contribution margin .....	117,000	39	54,000	60	63,000	30
Less traceable fixed expenses .....	<u>66,000</u>	<u>22</u>	<u>45,000</u>	<u>50</u>	<u>21,000</u>	<u>10</u>
Product line segment margin .....	51,000	17	<u>\$ 9,000</u>	<u>10</u>	<u>\$ 42,000</u>	<u>20</u>
Less common fixed expenses not traceable to products .....	<u>33,000</u>	<u>11</u>				
Net operating income ....	<u>\$ 18,000</u>	<u>6</u>				

\* Weedban: 15,000 units × \$6 per unit = \$90,000.

Greengrow: 28,000 units × \$7.50 per unit = \$210,000.

Variable expenses are computed in the same way.