

Exercise 13-12 (10 minutes)

Sales value if processed further (7,000 units × \$12 per unit)	\$84,000
Sales value at the split-off point (7,000 units × \$9 per unit)	<u>63,000</u>
Incremental revenue	21,000
Less cost of processing further	<u>9,500</u>
Net advantage of processing further	<u><u>\$11,500</u></u>