

**Exercise A-3** (10 minutes)

Sales (300,000 units × \$15 per unit).....	\$4,500,000
Less desired profit (12% × \$5,000,000)...	<u>600,000</u>
Target cost for 300,000 units.....	<u>\$3,900,000</u>

Target cost per unit = \$3,900,000 ÷ 300,000 units = \$13 per unit