

Exercise 12-12 (15 minutes)

	<i>Company</i>		
	<i>A</i>	<i>B</i>	<i>C</i>
Sales	\$9,000,000 *	\$7,000,000 *	\$4,500,000 *
Net operating income	\$540,000	\$280,000 *	\$360,000
Average operating assets	\$3,000,000 *	\$2,000,000	\$1,800,000 *
Return on investment (ROI)	18%*	14%*	20%
Minimum required rate of return:			
Percentage	16%*	16%	15%*
Dollar amount	\$480,000	\$320,000 *	\$270,000
Residual income.....	\$60,000	\$(40,000)	\$90,000 *

*Given.