Forecasted Contribution Margin Income Statement
For Year Ended December 31, 2012

(Click to select)	$
(Click to select)	
(Click to select)	
(Click to select)	
Net income	$

Worksheet

Problem 18-4A Part 3

13.

Problem 18-4A Part 4

4. Compute the sales level required in both dollars and units to earn $161,000 of after-tax income in 2012 with the machine installed and no change in the unit sales price. Assume that the income tax rate is 30%. **(Round your intermediate calculations to 2 decimal places and always round up (ceiling rounding) your final answers to the next whole number. Omit the "$" sign in your response.)**

Sales level required in dollars	$
Sales level required in units	*units*

Worksheet

Problem 18-4A Part 4

14.

Problem 18-4A Part 5

5. Prepare a forecasted contribution margin income statement that shows the results at the sales level computed in part 4. Assume an income tax rate of 30%. **(Use the units in your answer from Part 4 in your calculation of Sales and Variable Cost. Your Net Income might be higher than required *amount due to rounding. Input all amounts as positive values. Round your "Sales level* required in units" to nearest whole number. Round your intermediate calculations to 2 decimal places and final answers to the nearest whole number. Omit the "$" sign in your response.)**

JETSON COMPANY
Forecasted Contribution Margin Income Statement
For Year Ended December 31, 2012

(Click to select)	$
(Click to select)	
(Click to select)	
(Click to select)	
(Click to select)	
(Click to select)	
(Click to select)	$

Problem 18-4A Part 5

Problem 18-5A Break-even analysis, different cost structures, and income calculations L.O. C2, A1, P4
[The following information applies to the questions displayed below.]

Letter Co. produces and sells two products, T and O. It manufactures these products in separate factories and markets them through different channels. They have no shared costs. This year, the company sold 46,000 units of each product. Sales and costs for each product follow.

	Product T	Product O
Sales	$ 800,400	$ 800,400
Variable costs	640,320	160,080
Contribution margin	160,080	640,320
Fixed costs	32,080	512,320
Income before taxes	128,000	128,000
Income taxes (35% rate)	44,800	44,800
Net income	$ 83,200	$ 83,200

Section Break

Problem 18-5A Break-even analysis, different cost structures, and income calculations L.O. C2, A1, P4

15.

Problem 18-5A Part 1

Required:

1. Compute the break-even point in dollar sales for each product. **(Round your contribution margin ratio to 1 decimal place, other intermediate calculations to 2 decimal places and final answers to the nearest whole dollar amount. Omit the "$" sign in your response.)**

Product T	$
Product O	$

Worksheet

Problem 18-5A Part 1

16.

Problem 18-5A Part 2

2. Assume that the company expects sales of each product to decline to 29,000 units next year with no change in unit sales price. Prepare forecasted financial results for next year following the format of the contribution margin income statement as just shown with columns for each of the two products (assume a 35% tax rate). Also, assume that any loss before taxes yields a 35% tax savings. **(Round your contribution margin ratio to 1 decimal place, other intermediate calculations to 2 decimal places and final answers to the nearest whole dollar amount. Input all amounts as positive values except losses and tax savings on losses, which should be indicated by a minus sign. Omit the "$" sign in your response.)**

LETTER CO.
Forecasted Contribution Margin Income Statement

	Product T	Product O
(Click to select)	$	$

(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
Net income/loss	$	$

Worksheet

Problem 18-5A Part 2

17.

Problem 18-5A Part 3

3. Assume that the company expects sales of each product to increase to 60,000 units next year with no change in unit sales price. Prepare forecasted financial results for next year following the format of the contribution margin income statement shown with columns for each of the two products (assume a 35% tax rate). **(Round your contribution margin ratio to 1 decimal place, other intermediate calculations to 2 decimal places and final answers to the nearest whole dollar amount. Input all amounts as positive values except losses and tax savings on losses, which should be indicated by a minus sign. Omit the "$" sign in your response.)**

LETTER CO.
Forecasted Contribution Margin Income Statement

	Product T	Product O
(Click to select)	$	$
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)	$	$

Worksheet

Problem 18-5A Part 3

18.

Problem 18-7A Break-even analysis with composite units L.O. P4

National Co. manufactures and sells three products: red, white, and blue. Their unit sales prices are red, $54; white, $84; and blue, $109. The per unit variable costs to manufacture and sell these products are red, $39; white, $59; and blue, $79. Their sales mix is reflected in a ratio of 4:5:2 (red:white:blue). Annual fixed costs shared by all three products are $149,000. One type of raw material has been used to manufacture all three products. The company has developed a new material of equal quality for less cost. The new material would reduce variable costs per unit as follows: red, by $11; white, by $21; and blue, by $11. However, the new material requires new equipment, which will increase annual fixed costs by $19,000.

Required:

1. Assume if the company continues to use the old material, determine its break-even point in both sales units and sales dollars of each individual product.**(Always round your composite units up (ceiling rounding) to next whole unit. Then use the Sales Units to calculate Sales Dollars. Round up**

your composite units to whole number. Omit the "$" sign in your response.)

Break-Even Points	Sales Units	Sales Dollars
Red at break-even		$
White at break-even		$
Blue at break-even		$

2. Assume if the company uses the new material, determine its new break-even point in both sales units and sales dollars of each individual product. **(Always round your composite units up (ceiling rounding) to next whole unit. Then use the Sales Units to calculate Sales Dollars. Round up your composite units to whole number. Omit the "$" sign in your response.)**

Break-Even Points	Sales Units	Sales Dollars
Red at break-even		$
White at break-even		$
Blue at break-even		$

Worksheet