CHAPTER 8

Problem 1  -Return on investment analysis (worth 25 points - see Prob. 8-3A):

(a) Using the expanded expression, determine the profit margin, investment turnover, and rate of return on investment for each division. Round rate of return on investment to one decimal place.

(b) Which is (are) the most profitable per dollar invested?

Problem 2  -Decision on transfer pricing (worth 25 points - see Ex. 8-20 & 8-21):

(a) How much would Nead Company's total income from operations increase?

(b) How much would the income from operations of Division A increase?

(c) How much would the income from operations of Division B increase?

(d) If the negotiated price approach is used, what would be the range of acceptable transfer prices?

CHAPTER 9

Problem 3  -Differential analysis report (worth 20 points - see Ex. 9-1, Ex. 9-2, Ex. 9-8 & Handout 9-1. Bring accounting/columnar paper or form 3.)

Problem 4  -Product pricing (worth 30 points - see Ex. 9-15, 9-16, 9-17, Prob. 9-5A):

(a) Determine the amount of desired profit from the production and sale of Product K.

(b) Determine the total manufacturing costs and the cost amount per unit for the production and sale of xx,xxx units of Product K.

(c) Determine the markup percentage for Product K.

(d) Determine the selling price of Product K.

Problem 5  -Profit analysis with bottleneck operations (worth 10 points - see Prob. 9-6A & Handout 9-2):

(a) Using a theory of constraints (TOC) approach, rank (from highest to lowest) the products in terms of profitability.

(b) What price for lemonade would equate its profitability to that of soda?