



1	Alttox	Lorex	Hycol	Total
Current policy	Sell at splitoff	Process further	Process further	
Units produced	170,000	500,000	330,000	
Selling price at splitoff	× \$ 3.50		× \$ 2.00	
Estimated value at splitoff	\$ 595,000		\$ 660,000	
Final selling price per unit		× \$ 5.00		
Expected final sales value of production		\$ 2,500,000		
Separable costs		\$ 1,400,000		
Estimated net realizable value at splitoff	\$ 595,000	\$ 1,100,000	\$ 660,000	\$ 2,355,000
Weighting	25.27%	46.71%	28.03%	
Joint costs allocated	\$ 454,777	\$ 840,764	\$ 504,459	\$ 1,800,000
Operating Income				\$ 555,000

2 Proposed Changes	Process further	Sell at splitoff	Process further	
Change	(20,000)		25.00%	
Units produced	150,000	500,000	412,500	
Selling price at splitoff	×	\$ 2.25	×	
Estimated value at splitoff		\$ 1,125,000		
Final selling price per unit	\$ 5.50	×	\$ 1.80	
Expected final sales value of production	\$ 825,000		\$ 742,500	
Separable costs	\$ 250,000		\$ 75,000	
Estimated net realizable value at splitoff	\$ 575,000	\$ 1,125,000	\$ 667,500	\$ 2,367,500
Incremental operating income	\$ (20,000)	\$ 25,000	\$ 7,500	\$ 12,500
Preferred option	Sell at splitoff	Sell at splitoff	Process further	
Estimated net realizable value at splitoff	\$ 595,000	\$ 1,125,000	\$ 667,500	\$ 2,387,500
Joint costs allocated				\$ 1,800,000
Operating Income				\$ 587,500

3a Dorzine	Dispose	Process further	Incremental	
Units produced	50,000	50,000		
Selling price at splitoff	\$ (0.35)			
Estimated value at splitoff	\$ (17,500)			
Final selling price per unit		\$ 0.75		
Expected final sales value of production		\$ 37,500		
Separable costs		\$ 43,000		
Estimated net realizable value at splitoff	\$ (17,500)	\$ (5,500)	12,000	Process further

3b NO