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| Problem 1 |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Collapse question part**(a)**

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |
| Correct answer. | Your answer is correct. |
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Restate the income statement in segment margin format.

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|  |  | **A** |  | **B** |  | **C** |  | **Total** |
| Entry field with correct answer |  | $Entry field with correct answer |  | $Entry field with correct answer |  | $Entry field with correct answer |  | $Entry field with correct answer |
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| [**SHOW ANSWER**](http://edugen.wiley.com/edugen/shared/assignment/test/qview.uni?id=quest2635109entrance1&selected_question=quest2635109&operation=take-question) |
| [**LINK TO TEXT**](http://edugen.wiley.com/edugen/shared/assignment/test/qview.uni?id=quest2635109entrance1&selected_question=quest2635109&operation=take-question) |  |  |  |  |

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| **Attempts: 1 of 1 used** |   |

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 | http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Collapse question part**(b)**

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| http://edugen.wiley.com/edugen/art2/common/pixel.gif |
| Correct answer. | Your answer is correct. |
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What would be the effect on income if product B were dropped?

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| Net income would Entry field with correct answer by $Entry field with correct answer. |
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| [**SHOW ANSWER**](http://edugen.wiley.com/edugen/shared/assignment/test/qview.uni?id=quest2635109entrance1&selected_question=quest2635109&operation=take-question) |
| [**LINK TO TEXT**](http://edugen.wiley.com/edugen/shared/assignment/test/qview.uni?id=quest2635109entrance1&selected_question=quest2635109&operation=take-question) |  |  |  |  |

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| **Attempts: 1 of 1 used** |   |

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| Collapse question part**(c)**Management is considering making a new product using product B’s equipment. If the new product’s selling price per unit were $11, its variable costs were $5, and its advertising costs were the same as for product B, how many units of the new product would the company have to sell to make the switch from product B to the new product worthwhile? ***(Round answers to 0 decimal places, e.g. 125.)***

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| Units | http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Problem 2 |  |

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| Marilyn’s parents have agreed to help her purchase a new car upon graduation in four years. They have given her two choices. The first choice is that they will give her $4,310 each year for the next four years for her to invest herself. The second choice is that they will wait four years and give her $19,610. Marilyn can invest the money at a 3% rate.

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| Collapse question part**(a)**Which option should Marilyn choose? ***(Round present value factor calculations to 4 decimal places, e.g. 1.2512 and final answers to 0 decimal places e.g. 58,971.)***

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|  |  | **Option 1** |  | **Option 2** |
| Present value |  | $http://edugen.wiley.com/edugen/art2/common/pixel.gif |  | $http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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| Marilyn should take http://edugen.wiley.com/edugen/art2/common/pixel.gif. |

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Problem 3

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| General Hospital is planning to add a new diagnostic machine which should improve its quality of certain blood tests. The machine under consideration has a cost of $90,315 and is expected to save the hospital $8,550 each year. The machine has an expected useful life of 14 years.

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| Collapse question part**(a)**Calculate the internal rate of return on the diagnostic machine. ***(Round answer to 0 decimal places, e.g. 16%.)***

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| Internal rate of return |  | http://edugen.wiley.com/edugen/art2/common/pixel.gif % |

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Problem 4

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| Rayburn Industries is evaluating the investment of $142,600 in a new packing machine that should provide annual cash operating inflows of $30,560 for 6 years. At the end of 6 years, the packing machine will be sold for $5,200. Rayburn’s required rate of return is 8%.

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| Collapse question part**(a)**What is the machine’s net present value? ***(Round present value factor calculations to 4 decimal places, e.g. 1.2512 and final answer to 0 decimal places e.g. 58,971.)***

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| Net present value |  | $http://edugen.wiley.com/edugen/art2/common/pixel.gif |

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