Responsibility Income Statement

Shown below is the current monthly income statement of Metro Video, by profit centers:

METRO VIDEO
Income Statement by Profit Centers
For the Month Ended April 30, 20\_\_
 

On the basis of this information, compute the increase in monthly income from operations that may be expected to result from each of the following actions:

(a) Spending $5,000 per month in advertising is expected to increase sales in the Equipment Sales Department by 35%. $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(b) Closing the Equipment Sales Department and allowing the Video Rentals Department to expand is expected to increase the revenue of the Video Rentals Department by $105,000 per month. This action also is expected to increase fixed costs traceable to the Video Rentals Department by $40,000 per month. $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_