

## B-23.05

Victoria Falls Flour Mill Company started many years ago producing a single product. Over the years it has grown to produce many diverse consumer products ranging from foods to paper goods. Currently, the corporation is barely making a profit and the price of its stock has languished. Division managers have traditionally been incentivized with stock options and awards. However, management is evaluating a new bonus plan based on segment profits within each division. Below are 20X4 facts about the Sugar Products Division, which generates 10% of overall corporate revenue. The Sugar Products Division has two key products - raw sugar and candy.

Total sales of raw sugar and candy	\$ 45,750,000
Traceable, controllable, sugar division fixed costs	10,250,000
Traceable, uncontrollable, sugar division fixed costs	3,600,000
Non-traceable, controllable, sugar division fixed costs	1,500,000
Non-traceable, uncontrollable, sugar division fixed costs	1,750,000
Variable selling, general, & administrative costs	9,050,000
Variable product costs	21,700,000
General corporate expenses for all divisions	8,000,000

Prepare a contribution income statement for the aggregated Sugar Division (one column). If the division manager is to be evaluated on controllable contribution margin, would the Sugar Division manager appear to be entitled to a bonus?