

Question 1

After conducting a market research study, Garden Lights decides to produce a new light fixture to complement its outdoor lighting line. According to the estimates, the new fixture can be sold for a target price of \$20. Estimated annual sales target is 100,000 light fixtures. Garden Lights has a 20% expected return on sales target. Discuss the target cost? Support with workings.

Question 2

Chemical Samyang (SC) manufactures and sells a range of products. It is not dominant in the market in which it operates and, as a result, it has to accept the market price for each of its products. The company is keen to ensure that it continues to compete and earn satisfactory profit at each stage throughout a product's life cycle.

Discuss how they SC company could use Target Costing to improve its future performance.