

INCOME STATEMENTS

1. Service Sector

Revenues		\$1,600,000
Operating Costs:		
Salaries and Wages	\$970,000	
Rent	180,000	
Depreciation	105,000	
Marketing	84,000	
Other Costs	<u>103,000</u>	
Total Operating Costs		<u>1,442,000</u>
Operating Income		<u>\$158,000</u>

2. Merchandising Sector

Sales		\$1,500,000
Cost of Goods Sold:		
Beginning Merchandise Inventory		
Jan. 1, 20xx	\$95,000	
Add Purchases	<u>1,100,000</u>	
Cost of Goods Available for Sale	1,195,000	
Less Ending Merchandise Inventory		
Dec. 31, 20xx	<u>130,000</u>	
Cost of Goods Sold		<u>1,065,000</u>
Gross Margin (Profit)		435,000
Operating Costs		<u>315,000</u>
Operating Income		<u>\$120,000</u>

3. Manufacturing Sector

Sales		\$210,000
Cost of Goods Sold:		
Beginning Finished Goods,		
Jan. 1, 20xx	\$22,000	
Add Cost of Goods Manufactured		
(From schedule)	<u>104,000</u>	
Cost of Goods Available for Sale	126,000	
Less Ending Finished Goods		
Dec. 31, 20xx	<u>18,000</u>	
Cost of Goods Sold		<u>108,000</u>
Gross Margin (Profit)		102,000
Operating Costs		<u>70,000</u>
Operating Income		<u>\$32,000</u>

4. Schedule of Cost of Goods Manufactured

Direct Materials Costs:			
Beginning Inventory, Jan. 1, 20xx	\$11,000		
Add Purchases of Direct Materials	<u>73,000</u>		
Cost of Direct Materials Available for Use	84,000		
Less Ending Inventory, Dec. 31, 20xx	<u>8,000</u>		
Direct Materials Used			\$76,000
Direct Manufacturing Labor Costs			17,750
Manufacturing Overhead Costs:			
Indirect Manufacturing Labor	4,000		
Supplies		1,000	
Heat, Light, Power	1,750		
Depreciation	4,000		
Miscellaneous	<u>500</u>		
Total Manufacturing Overhead Costs			<u>11,250</u>
Manufacturing Costs Incurred During 20xx			105,000
Add Beginning Work in Process Inventory, Jan. 1, 20xx			<u>6,000</u>
Total Manufacturing Costs to Account for			111,000
Deduct Ending Work in Process Inventory Dec. 31, 20xx			<u>7,000</u>
Cost of Goods Manufactured (to Income Statement)			<u><u>\$104,000</u></u>

Revised: Spring 2005

Source: Horngren, Foster, Dabar. Cost Accounting: A Managerial Emphasis, 8th ed. (1994)

STUDENT LEARNING ASSISTANCE CENTER (SLAC)

Texas State University-San Marcos