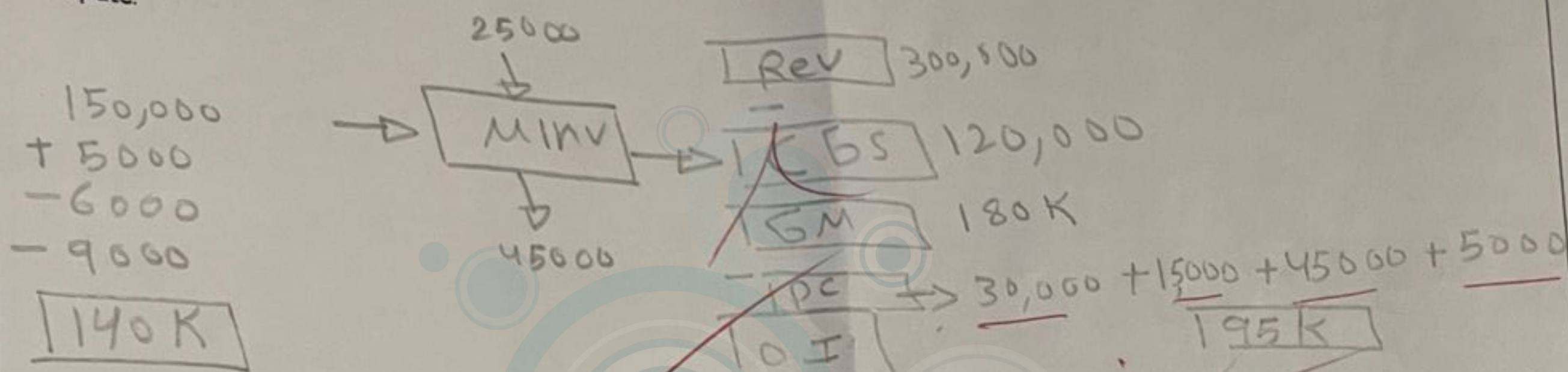


Q2 (6 pts: 20 minutes) The account balances for XYZ Store are for year 2024.

Customer service and marketing costs	\$ 30,000	Purchases	\$ 150,000
Revenues	\$ 300,000	Miscellaneous costs	\$ 5,000
Merchandise inventory, January 1, 2024	\$ 25,000	Transportation-in for purchases	\$ 5,000
Merchandise inventory, December 31, 2024	\$ 45,000	Purchase returns and allowances	\$ 6,000
Store utilities	\$ 15,000	Purchase discounts	\$ 9,000
General and administrative costs	\$ 45,000		

Compute:



The cost of goods purchased = 140,000 \$

The cost of goods available for sale = 165,000 \$

The cost of goods sold = 120,000 \$

Operating income = 85,000 \$

CC = 250K

DMC = 250K

Conversion = $\frac{150,000}{400,000} + 0.4 \times \frac{250,000}{400,000}$
 $400,000 = DMC + 150,000$

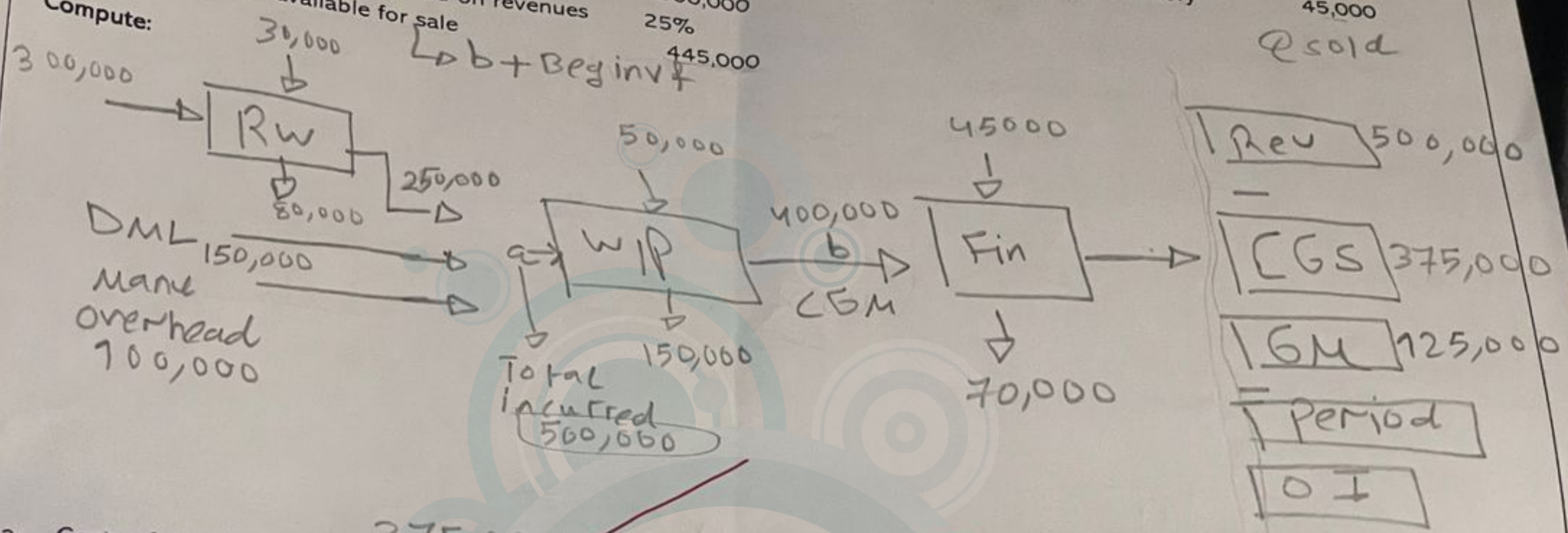
Q3 (5 pts: 25 minutes). The following data are obtained for a manufacturing company for the period 1/1/2024 to 31/12/2024:

Purchases	\$ 300,000
Prime costs	400,000
Manufacturing overhead costs	150,000
Direct manufacturing labor	500,000
Revenues	500,000
Gross margin percentage based on revenues	25%
Costs of goods available for sale	445,000

Beginning inventory	
Work-in-process inventory	\$ 50,000
Direct material inventory	30,000
Finished goods inventory	45,000

Q sold

Compute:



a- Costs of goods sold = 375,000

$CC = 150,000 + 0.4 \times CC$
 $CC(1 - 0.4) = 150,000$
 $CC = \frac{150,000}{1 - 0.4} = 250K$

b- Inventoriable costs in 2024 = 500,000
 all costs as assets

$Rev - CGS = 125,000$

c- Finished goods ending inventory = 70,000

d- Work-in-process ending inventory = 150,000

e- Suppose the costs of goods manufactured are used to produce 100,000 units. Assume ending inventory is carried at the average unit cost. The selling price = 5.3 \$/unit

$SP = \frac{Rev}{Q_{sold}} = \frac{500,000}{93,750} = 5.33$
 $CGS = 125,000$
 $Q_{sold} = \frac{CGS}{SP} = \frac{125,000}{5.33} = 23,450$

$SP = 5.3 \$ / unit$