Question:

Computing cost of goods purchased and cost of goods sold. The following data are for Marvin Department Store. The account balances (in thousands) are for 2007.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing, distribution, and customer-service costs</td>
<td>$ 37,000</td>
</tr>
<tr>
<td>Merchandise inventory, January 1, 2007</td>
<td>27,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>17,000</td>
</tr>
<tr>
<td>General and administrative costs</td>
<td>43,000</td>
</tr>
<tr>
<td>Merchandise inventory, December 31, 2007</td>
<td>34,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>155,000</td>
</tr>
<tr>
<td>Miscellaneous costs</td>
<td>4,000</td>
</tr>
<tr>
<td>Transportation-in</td>
<td>7,000</td>
</tr>
<tr>
<td>Purchase returns and allowances</td>
<td>4,000</td>
</tr>
<tr>
<td>Purchase discounts</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Requirement 1:

Compute the cost of goods purchased. (Do not include a "$" sign in your response.)

Cost of goods purchased $ [Blank]

Requirement 2:

Compute the cost of goods sold. (Do not include a "$" sign in your response.)

Cost of goods sold $ [Blank]
QUESTION:

Fire loss, computing inventory costs. A distraught employee, Fang W. Arson, put a torch to a manufacturing plant on a blustery February 26. The resulting blaze destroyed the plant and its contents. Fortunately, certain accounting records were kept in another building. They reveal the following for the period from January 1, 2007, to February 26, 2007:

- Direct materials purchased: $160,000
- Work in process, 1/1/2007: 34,000
- Direct materials, 1/1/2007: 16,000
- Finished goods, 1/1/2007: 30,000
- Manufacturing overhead costs: 40% of conversion costs
- Revenues: 500,000
- Direct manufacturing labor: 180,000
- Prime costs: 294,000
- Gross margin percentage based on revenues: 20%
- Cost of goods available for sale: 450,000

The loss is fully covered by insurance. The insurance company wants to know the historical cost of the inventories as a basis for negotiating a settlement, although the settlement is actually to be based on replacement cost, not historical cost.

Requirement 1:
Calculate the cost of finished goods inventory. (Do not include a "$" sign in your response. Round your answer to the whole thousand.)

Finished goods inventory, 2/26/2007

$_____________

Requirement 2:
Calculate the cost of work-in-process inventory. (Do not include a "$" sign in your response. Round your answer to the whole thousand.)

Work-in-process inventory, 2/26/2007

$_____________

Requirement 3:
Calculate the cost of direct materials inventory. (Do not include a "$" sign in your response. Round your answer to the whole thousand.)

Direct materials inventory, 2/26/2007

$_____________
Question Bank: Chapter 02
Description: P2-37

Question:

Comprehensive problem on unit costs, product costs. Tampa Office Equipment manufactures and sells metal shelving. It began operations on January 1, 2007. Costs incurred for 2007 are as follows (V stands for variable; F stands for fixed):

- Direct materials used $140,000 V
- Direct manufacturing-labor costs 30,000 V
- Plant energy costs 5,000 V
- Indirect manufacturing-labor costs 10,000 V
- Indirect manufacturing-labor costs 16,000 F
- Other indirect manufacturing costs 8,000 V
- Other indirect manufacturing costs 24,000 F
- Marketing, distribution, and customer-service costs 122,850 V
- Marketing, distribution, and customer-service costs 40,000 F
- Administrative costs 50,000 F

Variable manufacturing costs are variable with respect to units produced. Variable marketing, distribution, and customer-service costs are variable with respect to units sold. Inventory data are:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct materials</td>
<td>0 lb.</td>
<td>2,000 lbs</td>
</tr>
<tr>
<td>Work in process</td>
<td>0 units</td>
<td>0 units</td>
</tr>
<tr>
<td>Finished goods</td>
<td>0 units</td>
<td>? units</td>
</tr>
</tbody>
</table>

Production in 2007 was 100,000 units. Two pounds of direct materials are used to make one unit of finished product.

Revenues in 2007 were $436,800. The selling price per unit and the purchase price per pound of direct materials were stable throughout the year. The company's ending inventory of finished goods is carried at the average unit manufacturing costs for 2007. Finished-goods inventory at December 31, 2007, was $20,970.

Requirement 1:
Calculate direct materials inventory, total cost, December 31, 2007. (Do not include a "$" sign in your response.)

Total cost of direct materials inventory $ _________

Requirement 2:
Calculate finished-goods inventory, total units, December 31, 2007. (Round your answer to the nearest full unit.)

Total units of finished-goods inventory ________ units

Requirement 3:
Calculate selling price in 2007. (Round your answer to 2 decimal places. Do not include a "$" sign in your response.)

Selling price $ ________ per unit

Requirement 4:
Calculate operating income for 2007. (Do not include a "$" sign in your response.)

Operating income $ _________