

## Exercise \*E22-17

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1)

**Symond Corporation**  
**Income Statement – Absorption Costing**  
**For the Month Ended October 31, 20xx**

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|                            |           |                         |
|----------------------------|-----------|-------------------------|
| Sales                      |           | \$1,000,000             |
| Cost of Goods Sold:        |           |                         |
| Cost of Goods Manufactured | \$850,000 |                         |
| Less: Ending Inventory     | 170,000   |                         |
| Cost of Goods Sold         |           | <u>680,000</u>          |
| Gross Profit               |           | \$320,000               |
| Selling and Admn Expenses  |           | <u>30,000</u>           |
| Income from Operations     |           | <u><u>\$290,000</u></u> |

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2)

**Symond Corporation**  
**Income Statement – Variable Costing**  
**For the Month Ended October 31, 20xx**

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|                                     |           |                       |
|-------------------------------------|-----------|-----------------------|
| Sales                               |           | \$1,000,000           |
| <i>Variable</i> Cost of Goods Sold: |           |                       |
| Variable Cost of Goods Mfged        | \$600,000 |                       |
| Less: Ending Inventory              | 120,000   |                       |
| Variable Cost of Goods Sold         |           | <u>480,000</u>        |
| Manufacturing Margin (not required) |           | \$520,000             |
| Variable Selling and Admn Expenses  |           | <u>0</u>              |
| Contribution Margin                 |           | \$520,000             |
| Fixed Costs and Expenses:           |           |                       |
| Manufacturing Costs                 | \$250,000 |                       |
| Selling and Admn Expenses           | 30,000    |                       |
| Income from Operations              |           | <u><u>280,000</u></u> |

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3)

|                 |                        |
|-----------------|------------------------|
| NI – Absorption | \$290,000              |
| NI – Variable   | <u>240,000</u>         |
| Difference      | <u><u>\$50,000</u></u> |

In total:

|                               |                        |
|-------------------------------|------------------------|
| Ending Inventory – Absorption | \$170,000              |
| Ending Inventory – Variable   | <u>120,000</u>         |
| Difference                    | <u><u>\$50,000</u></u> |

Per Unit:

|                             |                        |
|-----------------------------|------------------------|
| Unit Cost – Absorption      | \$34.00                |
| Unit Cost – Variable        | <u>24.00</u>           |
| Difference                  | \$10.00                |
| x units in ending inventory | <u>5,000</u>           |
| Difference                  | <u><u>\$50,000</u></u> |