Review
Absorption and Variable Costing
Income Statements

During its first year of operations, Unwavering Company produced 50,000 units of which 45,000 units were sold for $15 each with the following results:

Sales (45,000 units)		$675,000
Production Costs (50,000 units):		
Direct Materials	$130,000	
Direct Labor	150,000	
Variable Manufacturing Overhead	100,000	
Fixed Manufacturing Overhead	60,000	$440,000
Operation Expenses:		
Variable Operating Expenses	$86,000	
Fixed Operating Expenses	116,000	$202,000

1) Determine the amount of gross profit.

2) Determine the amount of contribution margin.

3) Determine net income (absorption costing).

4) Determine net income (variable costing).