### Variable Costing Income Statement:

**Tumbi Motors Ltd - Income Statement (Variable Costing) - March 2008**

Sales (520 units \* TZS 24,000) TZS 12,480,000

Less: Variable Costs:

Manufacturing costs (400 units \* TZS 10,000) TZS 4,000,000

Distribution costs (520 units \* TZS 3,000) TZS 1,560,000

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Total Variable Costs TZS 5,560,000

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Contribution Margin TZS 6,920,000

**Contribution margin is a key financial metric that represents the portion of sales revenue that remains after covering variable costs.**

Less: Fixed Costs:

Manufacturing costs TZS 2,000,000

Marketing costs TZS 600,000

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Total Fixed Costs TZS 2,600,000

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Net Income (Contribution Margin - Total Fixed Costs) TZS 4,320,000

### Absorption Costing Income Statement:

**Tumbi Motors Ltd – Income Statement (Absorption Costing) - March 2008**

Sales (520 units \* TZS 24,000) TZS 12,480,000

Less: Cost of Goods Sold:

Opening Inventory (150 units \* TZS 10,000) TZS 1,500,000

Manufacturing Costs (400 units \* TZS 10,000) TZS 4,000,000

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Total Cost of Goods Sold TZS 5,500,000

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Gross Profit TZS 6,980,000

Less: Operating Expenses:

Distribution costs (520 units \* TZS 3,000) TZS 1,560,000

Marketing costs TZS 600,000

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Total Operating Expenses TZS 2,160,000

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Net Income (Gross Profit - Total Operating Expenses) TZS 4,820,000