

**Solution:**

(1)

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**STATEMENT OF GROSS PROFIT**  
(Amount in thousands of \$)

**Name: Parr Building Supply**

Particulars	Amount
Net Sales	1,200
<b>Cost of Goods Sold:</b>	
Cost of Acquisition of Goods	1,035
Beginning Inventory	240
Cost of Goods Available for Sale	1,275
Deduct: Ending Inventory	(275)
Net Cost of Goods Sold	1,000
<b>Gross Profit</b>	<b>200</b>

(2)

The average inventory is given by:

$$\text{Average Inventory} = \frac{\$(240,000 + 275,000)}{2} = \$257,500$$

The cost of goods sold net is given by \$1,000,000. The average inventory turnover is hence, given by:

$$\text{Average Inventory Turnover} = \frac{\$1,000,000}{\$257,500} = 3.88$$