

**Day F07 (Principles of Accounting):****Chapter # 19**

**(LO 3)** Superior Company has the following cost and expense data for the year ending December 31, 2020.

Raw materials, 1/1/20	\$ 30,000	Property taxes, factory building	\$ 6,000
Raw materials, 12/31/20	20,000	Sales revenue	1,500,000
Raw materials purchases	205,000	Delivery expenses	100,000
Work in process, 1/1/20	80,000	Sales commissions	150,000
Work in process, 12/31/20	50,000	Indirect labor	105,000
Finished goods, 1/1/20	110,000	Factory machinery rent	40,000
Finished goods, 12/31/20	120,000	Factory utilities	65,000
Direct labor	350,000	Depreciation, factory building	24,000
Factory manager's salary	35,000	Administrative expenses	300,000
Insurance, factory	14,000		

**Instructions**

- Prepare a cost of goods manufactured schedule for Superior Company for 2020. (Assume that all raw materials used were direct materials.)
- Prepare an income statement for Superior Company for 2020.
- Assume that Superior Company's accounting records show the balances of the following current asset accounts: Cash \$17,000, Accounts Receivable (net) \$120,000, Prepaid Expenses \$13,000, and Short-Term Investments \$26,000. Prepare the current assets section of the balance sheet for Superior Company as of December 31, 2020.

COGM			
Particulars	Amount	Amount	Amount
Work in process (1/1/20)			\$80,000
Direct Materials			
Raw Materials (1/1/20)	\$30,000		
Raw Materials Purchased	205,000		
Total Raw Materials Available for use	<b>235,000</b>		
Raw Materials (12/31/20)	20,000		
Direct Materials Used		\$215,000	
Direct Labor		350,000	
MOH			
Factory Manager's Salary	35,000		
Insurance Factory	14,000		
Property Taxes on Factory Building	6,000		
Indirect Labor	105,000		
Factory Machinery Rent	40,000		
Factory Utilities	65,000		
Depreciation Factory Building	24,000		
Total MOH		289,000	
Total Manufacturing cost/Product Cost			854,000
Total WIP			<b>934,000</b>
Work in process (12/31/20)			50,000
Cost of Goods Manufactured			<b><u>884,000</u></b>

<b>Income statement</b>		
<i>Sales Revenue</i>		<i>1,500,000</i>
<i>Cost of Goods Sold:</i>		
<i>Finished Goods (1/1/20)</i>	<i>\$110,000</i>	
<i>COGM</i>	<i>884,000</i>	
<i>Cost of Goods Available for Sale</i>	<b><i>994,000</i></b>	
<i>Finished Goods (12/31/20)</i>	<i>120,000</i>	
<i>COGS</i>		<i>874,000</i>
<i>Gross profit</i>		<b><i>626,000</i></b>
<i>Operating Expense</i>		
<i>Delivery</i>	<i>100,000</i>	
<i>Administrative</i>	<i>300,000</i>	
<i>Sales Commission</i>	<i>150,000</i>	
<i>Total Expenses</i>		<i>550,000</i>
<i>Net Profit</i>		<b><i>\$76,000</i></b>

<b>Current Asset</b>		
Cash		\$17,000
Short-term investment		26,000
Accounts Receivable		120,000
Inventory		
R/M End.	\$20,000	
WIP End.	50,000	
F/G End.	120,000	
Total Inventory		190,000
Prepaid Expense		13,000
Total Current Assets		\$366,000