

Castries Beverage Company			
Absorption Costing Income Statement			
For the period ended 2005.			
Sales			900,000
<b><i>Less: Cost of Goods Sold</i></b>			
Opening Stock	0		
<b>Add: Cost of goods manufactured:</b>			
Fixed manufacturing costs	240,000		
Variable manufacturing costs	<u>180,000</u>		
<b>Cost of Goods Available for Sale</b>		<b>420,000</b>	
Less: Closing Stock (10,000 x (\$6+\$4.50))		<u>(105,000)</u>	
<b>Cost of goods sold</b>			<b>(315,000)</b>
<b>Gross Margin</b>			<b>585,000</b>
<b><i>Less: Non-Manufacturing Expenses:</i></b>			
Fixed administrative expenses		90,000	
Variable selling expenses		90,000	
<b>Total expenses:</b>			<b>(180,000)</b>
<b>Net Income</b>			<b>405,000</b>

Castries Beverage Company			
Marginal Costing Income Statement			
For the period ended 2005.			
Sales			900,000
<b><i>Less: Cost of Goods Sold</i></b>			
Opening Stock	0		
<b>Add: Cost of goods manufactured:</b>			
Variable manufacturing costs	<u>180,000</u>		
<b>Cost of Goods Available for Sale</b>		<b>180,000</b>	
Less: Closing Stock (\$4.50 x 10,000)		<u>(45,000)</u>	
<b>Variable production costs</b>			<b>(135,000)</b>
<b>Product Contribution Margin</b>			<b>765,000</b>
Less: Variable selling expenses		<u>90,000</u>	<u>(90,000)</u>
<b>Contribution Margin</b>			<b>675,000</b>
<b><i>Less: Fixed Expenses</i></b>			
Fixed manufacturing costs		240,000	
Fixed administrative costs		<u>90,000</u>	
<b>Total Fixed Costs</b>			<b>(330,000)</b>
<b>Net Contribution</b>			<b>345,000</b>

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